2023
ANNUAL REPORT

Alibaba Health

Alibaba Health Information Technology Limited

Incorporated in Bermuda with limited liability | Stock code: **00241**

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Zhu Shunyan
(Chairman and Chief Executive Officer)
Mr. Shen Difan
Mr. Tu Yanwu

Non-executive Director

Mr. Li Faguang (resigned on May 15, 2023)
Ms. Huang Jiaojiao (appointed on May 15, 2023)

Independent Non-executive Directors

Mr. Luo Tong
Mr. Wong King On, Samuel
Ms. Huang Yi Fei (Vanessa)

Audit Committee

Mr. Wong King On, Samuel *(Chairman)*
Mr. Luo Tong
Ms. Huang Yi Fei (Vanessa)

Remuneration Committee

Ms. Huang Yi Fei (Vanessa) *(Chairman)*
Mr. Li Faguang (resigned on May 15, 2023)
Ms. Huang Jiaojiao (appointed on May 15, 2023)
Mr. Wong King On, Samuel

Nomination Committee

Mr. Zhu Shunyan *(Chairman)*
Mr. Luo Tong
Mr. Wong King On, Samuel

AUTHORIZED REPRESENTATIVES

Mr. Zhu Shunyan
Ms. Lee Wai Yan Vivian (resigned on June 30, 2022)
Ms. Chun Ka Yan (appointed on June 30, 2022)

COMPANY SECRETARY

Ms. Lee Wai Yan Vivian (resigned on June 30, 2022)
Ms. Chun Ka Yan (appointed on June 30, 2022)

LEGAL ADVISOR

Taylor Wessing

AUDITOR

Ernst & Young
Certified Public Accountants
Registered Public Interest Entity Auditor

REGISTERED OFFICE

Victoria Place
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31 Victoria Street
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Bermuda

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

26/F, Tower One
Times Square
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Hong Kong

PRINCIPAL PLACE OF BUSINESS IN PRC

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Jianwai Subdistrict, Chaoyang District
Beijing

PRINCIPAL SHARE REGISTRAR (IN BERMUDA)

Ocorian Management (Bermuda) Ltd.
Canon's Court
22 Victoria Street
Hamilton HM 12
Bermuda

BRANCH SHARE REGISTRAR (IN HONG KONG)

Tricor Secretaries Limited
17/F, Far East Finance Centre
16 Harcourt Road
Hong Kong

PRINCIPAL BANKERS

China CITIC Bank International Limited
The Hongkong and Shanghai Banking Corporation Limited
China Merchants Bank Co., Ltd.
Bank of Ningbo Co., Ltd.
JPMorgan Chase Bank
Agricultural Bank of China

COMPANY WEBSITE

www.irasia.com/listco/hk/alihealth/

CHAIRMAN'S STATEMENT

Dear fellow shareholders,

First of all, on behalf of the Board of Directors and Alibaba Health Information Technology Limited (the "**Company**" or "**Alibaba Health**", together with its subsidiaries, the "**Group**"), I would like to take this opportunity to express our sincere gratitude to all of our shareholders and the general public for their continued interest and support.

Year 2022 was a milestone year. The 20th National Congress of the Communist Party of the People's Republic of China (the "**PRC**" or "**China**") held in the year emphasized high-quality development as the primary task of building a modern socialist country in all respects, proposed to make safeguarding public health a priority for its development strategies, promoted the transformation from focusing on disease treatment to public health and drew up a blueprint for building a healthy China. Following the publication of the "Measures for the Supervision and Administration of Online Drug Sales"^ (藥品網絡銷售監督管理辦法) and the "Measures for the Administration of Internet Diagnosis and Treatment (Provisional)"^ (互聯網診療監管細則(試行)) in the Internet healthcare industry, the Internet healthcare industry is guided into a new stage of regulated development and the long-term development of the industry is protected and supported. As a leading player in the digital healthcare services industry, Alibaba Health adheres to the principle of compliant operation, actively responds to guiding policy directions, integrates Internet digital technology with its caring proposition in order to offer genuine and accessible healthcare services to every user.

Adhering to the original intention of making healthcare accessible, Alibaba Health leverages on its established capabilities and service experience in Internet and Internet of Things technology to empower the "cloud-based pharmacy", "cloud-based hospital" and "cloud-based infrastructure" strategies. With the realization of the synergy among the "three clouds", Alibaba Health has established a full-life cycle healthcare service model from consulting a doctor, purchasing medicine to health management. In the cloud-based pharmacy sector, as of March 31, 2023, annual active users (those who made one or more actual purchase(s) on the platform within the past 12 months) of Tmall Healthcare Platform reached nearly 300 million. Following the continuous increase of the yearly consumption amount of healthcare products per capita, Tmall Healthcare Platform served over 28,000 merchants. In the post-pandemic era, we will continue to focus on changes in user needs in medical services, non-pharmaceutical categories, and home devices categories, etc. and help our partners explore new growth tracks. Over the past three years, Tmall Healthcare Platform has developed 10 new categories with over RMB5 billion in value. Tmall Healthcare Platform has become the preferred platform sought by brands to develop trending categories and achieve sustainable development. Adhering to our operation motto that highlights "authenticity, affordability, professionalism and reliability", our pharmaceutical direct sales business continued to maintain high speed and good development momentum in the past year. The number of annual active users (those who made one or more actual purchase(s) in the past 12 months) of our direct online stores exceeded 130 million, representing an increase of over 20 million from 110 million as at March 31, 2022. Our pharmaceutical direct sales business currently serves 75 million members, representing an increase of 47.4% year-on-year. We have further improved our smart supply chain system. As at March 31, 2023, we established a distribution network of 39 warehouses in 22 locations. With the application of smart tools, we have greatly improved our warehousing operation capacity and efficiency. At the end of 2022, in light of the enhanced epidemic prevention and control policies and relying on Alibaba Health's strong supply chain fulfillment capabilities, our leading position in digital technology, and advantages resulted from our comprehensive product offerings, Alibaba Health had proactively participated in preventing and combating the COVID-19 pandemic. Under the guidance from the Ministry of Industry and Information Technology of the PRC and various local governments of the PRC, we managed to support the timely delivery of medicines and medical supplies in more than 20 regions across different cities and provinces, meeting the longing demand for medicines from the public.

In terms of cloud-based hospital, over the past year, leveraging on our Internet hospitals as a network, we have fully utilized our technical advantages as well as exploration experience in the field of healthcare services to continuously optimize our online solutions to medical and healthcare services. The service efficiency of traditional medical resources with respect to medical consultation for western medicine, appointment-booking, chronic disease patients, community management, Internet TCM, adult vaccinations, medical check-ups, etc., has been continuously improving. To address the pain points of online healthcare service users, we continued to enhance service experience and value of service for users, built online service scenarios and platforms for chronic disease patients with proactive health management awareness, health management groups, doctors as well as pharmaceutical companies, and achieved rapid growth in the healthcare service business. As at the end of the Reporting Period, nearly 200,000 licensed physicians, pharmacists and nutritionists contracted with us to provide online health consultation services, representing an increase of nearly 40,000 professionals (including those from Xiaolu traditional Chinese medicine ("**Xiaolu TCM**")), as compared with the number as at March 31, 2022, with online consultation services reaching an average of over 400,000 sessions per day during the Reporting Period. In terms of chronic diseases, we served nearly nine million patients in the financial year, a year-on-year increase of 35.2%. The per capita length of medication use rose rapidly year-on-year, along with significant improvement in medication compliance.

In terms of cloud-based infrastructure, we have achieved rapid development and remarkable results in the past year in terms of tracking code and medical knowledge graph. We have also initiated in-depth cooperation with the drug regulatory systems of various regions across different cities and provinces to further promote the code scanning tracking of drugs, as well as the coverage and promotion in retail terminal pharmacies and healthcare institutions. In developing the medical knowledge graph, we have published the Alibaba Health Chinese medical terminology. The Chinese clinical terminology collection contains nearly 600,000 medical academic terms and 2.2 million semantic relations, while the Chinese drug terminology collection covers nearly 30,000 clinically applied drugs. These terminology collections, and the professional tools developed during their publication, will serve as an important cornerstone of our healthcare applications to be developed based on large language models.

Last year, leveraging on our advantages in technology, channels and operation, we continued to play an active role in practicing corporate social responsibility and promoting philanthropic health promotion campaigns. During the 11.11 Global Shopping Festival, Alibaba Health Philanthropy launched the "Hearing Aid Scheme"^ (助聽行動) in collaboration with Tmall Healthcare Platform, professional hearing aid brands such as Eartech^ (摯聽) and Fucong^ (復聰), as well as China Social Welfare Foundation and Alibaba Foundation. This scheme has helped the elderly find professional and reliable medical solutions to their hearing problem through the provision of online-to-offline hearing test consultations and scientific education. Alibaba Health Philanthropy also joined hands with Alibaba Foundation and China Association of County Hospital President to launch supportive initiatives featuring interventional cardiology in counties such as Qinglong Manchu Autonomous County in Hebei province, and Yongshun County in Hunan province's Xiangxi prefecture. As at March 31, 2023, we assisted in training a total of 3,744 interventional cardiologists with cumulative online learning time exceeding 86,000 hours. At the end of 2022, following the enhanced epidemic prevention and control policies against COVID-19, Alibaba Health actively responded to the requests from medical treatment team under the Joint Prevention and Control Mechanism of the State Council of the PRC (the "**State Council**") and launched the "Peace of Mind Action"^ (安心行動). By introducing five reassuring measures, namely fever consultation, care for emotional wellbeing, chronic disease protection, medication consultation and "Ma Shang Fang Xin", we provided our users with professional support and caring companionship. Building on this foundation, we launched two initiatives with Alibaba Foundation to provide epidemic-related support in rural areas across China: a free COVID-19 online medical consultation for rural residents and internal immigrants in China, and a training scheme for grassroot doctors. We also donated medical supplies and equipment to rural clinics in the counties to which its rural development ambassadors were dispatched, ensuring full access to antipyretic drugs for over 5,000 rural clinics.

Year 2023 marks the first year to fully implement the spirit of the 20th National Congress of the Communist Party of China. With rising economic prosperity and enhanced health literacy of the public, and the implementation of the proposition "everyone is the first person responsible for their own health" advocated by the Chinese government, across the healthcare system, we have entered a new era featured by the transition from passive disease treatment to proactive personal health management. In line with the new development of the Internet healthcare industry, and upholding our original intention of making healthcare affordable and accessible, Alibaba Health has proposed the high-quality development vision of "becoming a digital health management company serving 500 million people within five years" and has developed a new map of digital health management with the core triangle of "data collection and analysis, health risk assessment and health intervention and management". Through the collection of portable, family-oriented, and data-based health indicators for users in personal health management, and based on a risk assessment system comprising doctors, large models, and medical knowledge graph, we will provide users with integrated health management solutions covering healthcare education, healthcare consumption, medication services, and patient follow-up, tap into the huge market of users' active personal health management with Internet and digital technology, and take an important and milestone step towards our original goal of making healthcare services accessible.

In March 2023, the Board of Alibaba Group Holding Limited ("**Alibaba Holding**", together with its subsidiaries "**Alibaba Group**") issued a letter to all employees, "Futures Are Created Through Self-Transformation", and unveiled the plan of "1+6+N" organizational reform. As the flagship healthcare platform of Alibaba Group and a leading player in the industry, Alibaba Health decided to take this opportunity to ride on the momentum. At a new starting point, we will adopt a more independent and flexible decision-making mechanism to maintain business synergy and efficiency coupling with all sectors within our Group, and to further improve our operational capabilities, and economic efficiency.

"Those who walk, often arrive; and those who do, often achieve." Again, I would like to thank all of our shareholders, partners, users, and people from all walks of life who have been staying with us for their continued support, understanding and assistance. We will continue to bring affordable healthcare services to a wider group of people, so that every user can access high-quality health support with dignity.

Zhu Shunyan
Chairman and Chief Executive Officer

May 23, 2023

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Looking back at the financial year ended March 31, 2023 (the "**Reporting Period**"), the Chinese government further formalized and standardized its regulations and rules for the Internet healthcare industry, providing on-going support to develop the industry in an orderly and efficient manner. As it was clearly indicated in the report made at the 20th National Congress of the Communist Party of the PRC to "make safeguarding public health a priority for its development strategies", the Chinese government has set out a clear direction for the Internet intelligent healthcare industry to develop actively and guide the industry to provide customers with quality services. In June 2022, the National Health Commission of the PRC issued the "Measures for the Administration of Internet Diagnosis and Treatment (Provisional)"^ (互聯網診療監管細則(試行)), in which it stipulates detailed requirements for organizations, personnel, business, quality and safety procedures relating to Internet diagnosis and treatment, thereby signifying a high degree of recognition among regulators for the "Internetization"^ (互聯網化) of the healthcare industry. The "Measures for the Supervision and Administration of Online Drug Sales"^ (藥品網絡銷售監督管理辦法), which came into effect in December 2022, allows online sale of prescription drugs, setting out the direction for compliance development of online drug sales. During the same period, the National Development and Reform Commission of the PRC issued the "Fourteenth Five-Year Plan for the Implementation of Strategies for Expanding Domestic Demand"^ (「十四五」擴大內需戰略實施方案), in which it calls for an active development of "Internet + Healthcare" services, which includes the promotion of the orderly development of services such as appointment by sessions for diagnosis and treatment, circulation of electronic prescriptions and online drug sales, and inclusion of eligible Internet healthcare services under the scope of medical insurance in accordance with existing procedures.

In March 2023, the General Office of the Central Committee of the Communist Party of the PRC and the General Office of the State Council issued the "Opinions on Further Improving the Medical and Health Service System"^ (關於進一步完善醫療衛生服務體系的意見), which highlights the supporting role of information technology by developing the "Internet + Healthcare" sector and establishing an industrial Internet platform targeting the healthcare sector. As a leading player in the sector, the Group has always been actively responding to national policies amidst the ongoing enhancement of relevant policies and mechanisms and is also committed to strictly fulfilling its responsibilities and creating long-term values for its users in the Internet healthcare industry. At the end of 2022, in light of the enhanced prevention and control policies, the Group had proactively participated in preventing and combating the COVID-19 pandemic by fully leveraging its digital capabilities. Under the guidance from the Ministry of Industry and Information Technology of the PRC and various local governments of the PRC, the Group managed to support the timely delivery of medicines and medical supplies in more than 20 regions across different cities and provinces, meeting the longing demand for medicines from the public. In collaboration with media partners across China, the Group also introduced the "Peace of Mind Action"^ (安心行動), through which various healthcare services were launched, including free medical consultation for COVID-19, chronic disease protection and medication consultation. During the Reporting Period, all business segments of the Company continued to achieve solid growth.

MANAGEMENT DISCUSSION AND ANALYSIS

During the Reporting Period, the total revenue of the Group reached RMB26,763.0 million, representing an increase of 30.1% year-on-year. The Group's pharmaceutical direct sales business achieved a revenue of RMB23,591.6 million, representing an increase of 31.7% year-on-year. As at March 31, 2023, the number of annual active users (those who made one or more actual purchase(s) in the past 12 months) of the Group's direct online stores exceeded 130 million. The Group's pharmaceutical direct sales business currently serves 75 million members, representing an increase of 47.4% year-on-year. The number of annual active users (those who made one or more actual purchase(s) on the platform within the past 12 months) of Tmall Healthcare Platform reached nearly 300 million as at March 31, 2023. Following the continuous increase of the yearly consumption amount of healthcare products per capita, Tmall Healthcare Platform served over 28,000 merchants as at March 31, 2023, representing an increase of over 2,000 compared with the number as at March 31, 2022. In terms of warehousing and logistics, the Group has further improved its smart supply chain system. As at the end of the Reporting Period, the Group established a distribution network of 39 warehouses in 22 locations. With the application of smart tools, the Group has greatly improved its warehousing operation capacity and efficiency. On the customer service front, the Group continued to improve its 24/7 departmental-based capabilities in providing guidance for the use of medication and upgraded its epidemic service assurance system, which led to a noticeable elevation in user satisfaction. In terms of healthcare services, as at the end of the Reporting Period, nearly 200,000 licensed physicians, pharmacists and nutritionists contracted with the Group to provide online health consultation services, representing an increase of nearly 40,000 professionals (including those from Xiaolu TCM, as compared with the number as at March 31, 2022, with online consultation services reaching an average of over 400,000 sessions per day.

As the flagship healthcare platform of Alibaba Group, the Group upholds its original intention to make healthcare services accessible. The Group will continue to consolidate and strengthen its existing business foundations in healthcare, explore innovative business models, actively foster innovative business ventures in the industry and prepare for the future to align with the evolving needs of its customers, while maintaining high standards of compliance and quality control. The Group will utilize its leading digital technology and digital operation capabilities, with "cloud-based infrastructure" as the foundation, "cloud-based pharmacy" as the core, and "cloud-based hospital" as the engine to provide affordable, convenient, efficient and reliable medical and healthcare services to hundreds of millions of families.

Pharmaceutical E-commerce Business

The customer-centric pharmaceutical e-commerce business of the Group makes full use of its brand advantages and resources accumulated over the years. Building on its strengths in e-commerce, big data and cloud computing, the Group actively expands cooperations with recognized upstream pharmaceutical, nutritional and healthcare product manufacturers and distributors through a synergetic operation model that integrates its pharmaceutical direct sales business, the Tmall Healthcare Platform and its new retail business. The Group aims to provide a comprehensive suite of Internet integrated healthcare management solutions for users with healthcare needs. During the Reporting Period, the pharmaceutical e-commerce business continued to promote the construction of its omni-category and omni-scenario healthcare and pharmaceutical service platform.

- ***Pharmaceutical Direct Sales Business***

Adhering to its operation motto that highlights "authenticity, affordability, professionalism and reliability", the Group's pharmaceutical direct sales business is committed to providing consumers from Tmall, Taobao, Alipay, Taobao Deals, Ele.me and Kaola with comprehensive and affordable healthcare services, including prescription drugs, over-the-counter (OTC) drugs, nutritional supplements, medical devices and contact lenses. Leveraging on the Group's competitive edge in operation and brand strengths, as well as the high execution efficiency of its workforce, the pharmaceutical direct sales business recorded a revenue of RMB23,591.6 million during the Reporting Period, representing an increase of 31.7% year-on-year. As at March 31, 2023, the number of annual active users (those who made one or more actual purchase(s) in the past 12 months) of the Group's direct online stores exceeded 130 million, representing an increase of over 20 million as compared with the number as at March 31, 2022. The Group's pharmaceutical direct sales business currently serves 75 million members, representing an increase of 47.4% year-on-year.

As the general public becomes increasingly health conscious, the Group continues to create growth opportunities for the healthcare industry by capturing user needs and promoting mutual growth with pharmaceutical companies. In the field of prescription drugs, the Group's pharmaceutical direct sales business continued to engage well-known pharmaceutical companies worldwide for all-round strategic partnerships. During the Reporting Period, leveraging on its leading digital technologies, the Group's pharmaceutical direct sales business collaborated with hundreds of pharmaceutical companies, including Novartis China, Pfizer, Servier and Haisco, and established 19 "Health Care Centres"^ (健康關愛中心) to provide patients with full chain omni-scenario services that cover digitalized healthcare education, prevention, treatment, guidance on the use of medication and health management. In terms of the non-pharmaceutical categories, the Group's pharmaceutical direct sales business has always adhered to the business philosophy of providing its users with one-stop access to a full range of healthcare products in a safe manner. During the Reporting Period, the Group continued to enrich its supply of non-pharmaceutical categories by undertaking in-depth cooperations with more than 3,000 brands which have strengths in brand marketing, operations and supply chain, leading to continuous improvement in user experience. The Group continued to improve and deliver remarkable results in its supporting infrastructure and service capabilities in warehousing, logistics and customer services. In terms of warehousing and logistics, the Group has further improved its smart supply chain system. As at March 31, 2023, the Group established a distribution network of 39 warehouses in 22 locations. With the application of smart tools, the Group has greatly improved its warehousing operation capacity and efficiency. On the customer service front, the Group continued to improve its 24/7 departmental-based capabilities in providing guidance for the use of medication and upgraded its epidemic service assurance system, which led to a noticeable elevation in user satisfaction. Furthermore, relying on its strong supply chain fulfillment capabilities, its leading position in digital technology, and advantages resulted from its comprehensive product offerings, the Group supported the timely delivery of medicines and medical supplies in more than 20 regions across cities and provinces in China with the guidance from the Ministry of Industry and Information Technology of the PRC and various local governments of the PRC. By taking on the challenging task of ensuring the supply of medical supplies and reducing barriers faced by the public to access pharmaceutical products, the Group focused on providing local residents with antipyretic drugs, N95 respirators, as well as other drugs and items which are in short supply.

- ***Pharmaceutical E-Commerce Platform Business – Tmall Healthcare Platform***

As a leading pharmaceutical and healthcare products service platform in China, Tmall Healthcare Platform continued to leverage its digital capabilities during the Reporting Period, as it collaborated with partners to jointly explore new development trends within the sector, and to provide a wide spectrum of users with accessible and quality healthcare services. As at March 31, 2023, the number of annual active users (those who made one or more actual purchase(s) within the past 12 months) on the Tmall Healthcare Platform reached nearly 300 million and the yearly consumption amount of healthcare products per capita continued to increase. Additionally, Tmall Healthcare Platform served over 28,000 merchants. In light of rising demands for healthcare consumption in the post-pandemic era, the Group will continue to focus on user refinement operation, assist its partners in exploring new growth engines, and revitalize the healthcare sector for new momentum. In terms of pharmaceutical services, Tmall Healthcare Platform launched its "elderly version" in collaboration with Taobao to provide elderly users with exclusive customer services during the 11.11 Global Shopping Festival, allowing the elderly to enjoy a better online drug purchase experience. In terms of the non-pharmaceutical categories, by capturing consumer demands and observing the new trends in healthcare products, the Group provided comprehensive support to nurture the healthcare food business segment through the launch of the "Blue Cap Incubation Program"^ (藍帽子護航計劃) and assisted its merchants to grow in this category. Regarding the home devices categories, Tmall Healthcare Platform has successively published professional guidelines for many sub-categories (such as nasal washer and pelvic floor rehabilitation devices) to promote user education on trending categories. Over the past three years, Tmall Healthcare Platform successfully developed 10 new categories of over RMB5 billion in value, including, among others, color contact lenses, blood glucose supplies, medical patch materials, moxibustion and mugwort products. Tmall Healthcare Platform has become the preferred platform sought by brands to develop trending categories and achieve sustainable development.

- ***Pharmaceutical E-commerce Platform Business – New Retail Model***

Keeping abreast of China's latest national policies and relying on its accumulated operational experience and capabilities from implementing online medical insurance and dual-channel medical insurance, the Group continues to enrich its online-to-offline service application that integrates "medication + medical care + medical insurance" with the support of industry-leading technologies. Relying on the continuous improvement in its professional service capabilities, the Group aims to provide its users with additional guidance on medication and health management, so as to make it more convenient for the public to seek medical consultation and purchase medicine, and make medical insurance more affordable and accessible to the public.

MANAGEMENT DISCUSSION AND ANALYSIS

Healthcare and Digital Services Business

During the Reporting Period, the Group continued to enhance user experience of the professional healthcare services by providing its users with a seamless online-to-offline system of healthcare services (including, among others, traditional Chinese medicine ("**TCM**"), medical checkups, nucleic acid testing, medical consultation, appointment-booking, vaccination, dental care, mental care, optometry and nursing) through a variety of terminals such as Tmall, Taobao, Alipay, "Dr. Deer" APP, AMap, DingTalk, Freshippo and Quark. As at March 31, 2023, nearly 200,000 licensed physicians, pharmacists and nutritionists contracted with the Group to provide online health consultation services, representing an increase of nearly 40,000 professionals (including those from Xiaolu TCM) as compared with the number as at March 31, 2022. As at March 31, 2023, the Group's online consultation services reported an average of over 400,000 sessions per day. During the Reporting Period, revenue generated from the healthcare and digital services business amounted to RMB933.5 million, representing an increase of 45.7% year-on-year.

- ***Healthcare Services***

Leveraging on its Internet hospitals as a network, the Group has fully utilized its technical advantages to improve the efficiency of medical services, optimize service process and enhance medical supply capabilities. Through the launch of service offerings including online consultation, prescription refill, discounted medication, targeted education, precise follow-up visits, companion support and after-sales support services in Internet hospitals, the Group has established a new service portal for chronic disease patients, doctors and pharmaceutical companies. As at March 31, 2023, the Group served nearly nine million chronic disease users for the financial year, an increase of 35% year-on-year, with the per capita length of medication use on a rapid rise year-on-year. In addition to having developed their competencies in patient management covering 17 core disease areas, including, among others, respiratory, neurology, hepatitis B and enteral nutrition, the Internet hospitals within the Group's network have also formed cooperations with dozens of well-known domestic and foreign pharmaceutical companies, such as Organon, UCB and LEO Pharma. Not only did the Group record a significant increase in the number of partnerships as compared with the number during the year ended March 31, 2022 (the "**Corresponding Period**"), the Internet hospitals were also well received by its pharmaceutical partners.

During the Reporting Period, the Group continued to improve the full chain of experience before, during and after vaccination, and expanded the scope of quality vaccine supply services. Through cooperations with thousands of vaccination clinics, the Group served tens of millions of users by providing them with education on vaccination, as well as appointment by sessions, making the Group one of the leading online platforms for vaccination services in China. As at March 31, 2023, the Group partnered with over 7,000 public and private medical checkup institutions. In addition to offering users from multiple terminals (including, among others, Tmall, Alipay, "Dr. Deer" APP, Freshippo and AMap) consumer-grade and professional/medical-grade medical checkup services, the Group also recommended customized online add-ons to cater for different demographic characteristics, allowing its users to access personalized and comprehensive healthcare management services.

In terms of TCM services, Xiaolu TCM has always adhered to the philosophy of "reliable Chinese medicine". Xiaolu TCM aims to support the "Healthy China"^ (健康中國) ambition by facilitating TCM medical services through the "Internet +" model continuously and further expanding its online and offline medical service network to establish a closed-loop system covering all TCM medical services. During the Reporting Period, in order to help more patients find reputable practitioners close by and enjoy quality medical services, Xiaolu TCM released the "2023 Gold Bianque Top 100 TCM Practitioners List"^ (2023金扁鵲中醫百強榜) in its capacity as the officially-designated platform. Xiaolu TCM also launched a video consultation function to bring patients and doctors the same experience as they would expect in a consultation room. As at March 31, 2023, Xiaolu TCM had more than 100,000 registered TCM practitioners, having served nearly one million patients during the Reporting Period and further improved its drug service network, and its dispensing centers covered 25 regions across different provinces and direct-administered municipalities.

- ***Digital Tracking Business***

During the Reporting Period, the Group's proprietary "Ma Shang Fang Xin"^ (碼上放心) tracking platform business continued to maintain a steady pace of development. As a pioneer in the field of drug tracking, the Group follows the strengthened implementation of China's drug tracking policy for key drug varieties across the entire chain, and the "Ma Shang Fang Xin" platform has further launched its full chain coverage over drug production, distribution, retail terminal pharmacies and healthcare institutions. As at March 31, 2023, based on the "one object, one code" product operation and digital service capacity, the "Ma Shang Fang Xin" platform cooperated with more than 300 top pharmaceutical companies to provide them with doctor-patient education and digital marketing services as well as intensified cooperation with more than 50 pharmaceutical companies to develop digitalized channel management through the use of tracking code.

Public Service

At the end of 2022, following the enhanced epidemic prevention and control policies against COVID-19, the Group actively responded to the requests from medical treatment team under the State Council's Joint Prevention and Control Mechanism and launched the "Peace of Mind Action"^ (安心行動). By introducing five reassuring measures, namely fever consultation, care for emotional wellbeing, chronic disease protection, medication consultation and "Ma Shang Fang Xin", the Group provided its users with professional support and caring companionship. Building on this foundation, the Group launched two initiatives with Alibaba Foundation to provide epidemic-related support in rural areas across China: a free COVID-19 online medical consultation for rural residents and internal immigrants in China, and a training scheme for grassroot doctors. The Group also donated medical supplies and equipment to rural clinics in the counties to which its rural development ambassadors were dispatched, ensuring full access to antipyretic drugs for over 5,000 rural clinics.

MANAGEMENT DISCUSSION AND ANALYSIS

During the 11.11 Global Shopping Festival, Alibaba Health Philanthropy launched the "Hearing Aid Scheme"^ (助聽行動) in collaboration with Tmall Healthcare Platform, professional hearing aid brands such as Eartech^ (摯聽) and Fucong^ (復聰), as well as China Social Welfare Foundation and Alibaba Foundation. This scheme has helped the elderly find professional and reliable medical solutions to their hearing problem through the provision of online-to-offline hearing test consultations and scientific education. Alibaba Health Philanthropy also joined hands with Alibaba Foundation and China Association of County Hospital President to launch supportive initiatives featuring interventional cardiology in counties such as Qinglong Manchu Autonomous County in Hebei province, and Yongshun County in Hunan province's Xiangxi prefecture. As at March 31, 2023, the Group assisted in training a total of 3,744 interventional cardiologists with cumulative online learning time exceeding 86,000 hours. "Xiao Lu Lantern"^ (小鹿燈) Children's Serious Disease Relief Platform has also made rapid progress. As at March 31, 2023, the platform held 37 free medical consultation sessions covering over 410 towns in 31 counties in 15 provinces, over 14,000 children were identified through free screening, campus screening, as well as reports filed at both county and foundation-supported hospital levels.

Future Prospects

As a technology innovation company rooted deeply in the Internet industry, the Group always places user value at its core, and strives to maintain high standards of compliance and quality control. By utilizing the Internet technologies and other technological innovations, the Group works closely with its partners in the ecosystem to explore opportunities within the Internet healthcare and digital health fields, and customize health management solutions of greater efficiency and accuracy for its users to improve their health and quality of life.

In terms of the pharmaceutical e-commerce business, Tmall Healthcare Platform will further leverage on its digital capabilities to address the need of its growing user base for healthcare services of greater convenience and better quality, and cooperate with partners to explore new trends in the industry so as to accelerate sectoral development. In addition, the Group's pharmaceutical direct sales business will continue to observe and understand user needs, and integrate the Internet technological capabilities with the product offerings of pharmaceutical companies, thereby improving its coverage to patients and management efficiency, creating growth opportunities and hence making medical resources more accessible. With a deep insight into the Internet healthcare industry, the Group will continue to explore and practice in the healthcare services industry and enhance its professional healthcare service capabilities. In order to make vaccination more accessible, the Group will continue to expand the scope of its vaccine supply, promote scientific education among its users, and enhance the digital competence of its vaccination services. Additionally, the Group will strengthen collaboration with partners from the Alibaba ecosystem, undertake in-depth cooperations on localized services such as medical checkups and examinations to provide users with multi-level and diversified healthcare services.

As a leading player in the healthcare services industry, the Group will take the initiative to keep abreast of the latest policy developments, uphold its original intention to make healthcare services accessible, and build a one-stop healthcare system that combines both online-to-offline services with a focus on its users' underlying needs. The Group aims at utilizing its leading digital technology and digital operation capabilities, with "cloud-based infrastructure" as the foundation, "cloud-based pharmacy" as the core, and "cloud-based hospital" as the engine to provide affordable, convenient, efficient and reliable medical and healthcare services to hundreds of millions of families.

FINANCIAL REVIEW

The key financial data of the Group for the years ended March 31, 2023 and 2022 is summarized as follows:

	2023 *RMB'000*	2022 *RMB'000*	Change *%*
Revenue	**26,763,016**	20,577,616	30.1
Gross profit	**5,701,334**	4,107,993	38.8
Gross profit margin	**21.3%**	20.0%	N/A
Fulfillment	**(2,907,137)**	(2,097,287)	38.6
Sales and marketing expenses	**(1,768,675)**	(1,981,279)	(10.7)
Administrative expenses	**(379,487)**	(395,082)	(3.9)
Product development expenses	**(677,822)**	(728,828)	(7.0)
Other income and gains	**618,069**	899,494	(31.3)
Share of profits of joint ventures	**48,981**	1,269	3,759.8
Share of losses of associates	**(37,600)**	(46,889)	(19.8)
Income tax expense	**(16,731)**	(13,427)	24.6
Profit/(Loss) for the year	**534,263**	(265,941)	N/A
NON-HKFRS ADJUSTMENTS			
Adjusted net profit/(loss)	**751,369**	(394,259)	N/A

– **Revenue**

Revenue of the Group for the Reporting Period amounted to RMB26,763,016,000, representing an increase of RMB6,185,400,000 or 30.1% as compared with RMB20,577,616,000 for the Corresponding Period. The increase in revenue was mainly attributable to the rapid growth of the pharmaceutical direct sales business and healthcare and digital services business during the Reporting Period.

– ***Pharmaceutical Direct Sales Business***

The pharmaceutical direct sales business of the Group primarily comprises the direct business-to-customer ("**B2C**") retail and advertisement related business. During the Reporting Period, the overall revenue from the pharmaceutical direct sales business reached RMB23,591,577,000, representing an increase of 31.7% year-on-year. The growth in revenue from the pharmaceutical direct sales business was mainly attributable to the constant enrichment of categories of goods sold through the direct B2C retail and stock keeping units ("**SKUs**"), the increased sales volume of prescription drugs driven by in-depth cooperation with pharmaceutical companies, as well as the continuous optimization of user experience by adopting a number of measures, such as improving information security and providing more professional consultation services.

– ***Pharmaceutical E-commerce Platform Business***

The pharmaceutical e-commerce platform business of the Group comprises the e-commerce platform business acquired from Alibaba Group (including categories of, among others, pharmaceutical products, healthcare food, medical devices, adult and family planning products, contact lenses, and medical and healthcare services and other categories of e-commerce platform business), and the provision of outsourced services to Tmall Healthcare Platform (in respect of categories other than those that have already been acquired) and the new pharmaceutical retail business. During the Reporting Period, the total revenue of the above businesses amounted to RMB2,237,953,000, representing an increase of 10.5% year-on-year.

– ***Healthcare and Digital Services Business***

During the Reporting Period, the Group continued to penetrate the areas of Internet healthcare and healthcare service, and leveraged on the ability of Alibaba's ecosystem to acquire user traffic, offer multilevel, diversified, professional and convenient medical and healthcare services, including medical checkups, nucleic acid testing, medical consultation, appointment-booking, vaccination and TCM, to end users from a wide range of channels, such as Taobao, Tmall, Alipay, "Dr. Deer" APP, AMap, DingTalk and Quark, with seamless online-to-offline operation. Digital services business includes tracking business and "Ma Shang Fang Xin", the Group's proprietary tracking platform, continued to grow steadily, by offering more value-added services with further penetration into the area of distribution and increasing the coverage of retail terminals. During the Reporting Period, the Group recorded a revenue of RMB933,486,000 from the healthcare and digital services business, representing an growth of 45.7% year-on-year.

– **Gross profit and gross profit margin**

The Group recorded a gross profit of RMB5,701,334,000 for the Reporting Period, representing an increase of RMB1,593,341,000 or 38.8% from RMB4,107,993,000 for the Corresponding Period. Gross profit margin for the Reporting Period was 21.3%, representing an increase as compared with 20.0% for the Corresponding Period. This was mainly attributable to the Group's penetration in the areas of operation refinement and digital upgrades during the Reporting Period, resulting in an optimization in operating efficiency and an improvement in pricing capabilities.

– **Other income and gains**

Other income and gains for the Reporting Period amounted to RMB618,069,000, which primarily comprised interest income and gain on disposal of investments incurred during the year. The decrease from RMB899,494,000 for the Corresponding Period was mainly due to the decrease in gain on disposal of investments and fair value gain on financial assets at FVPL.

– **Fulfillment**

Warehousing, logistics and customer service expenses, commissions on the Tmall Healthcare Platform, payment of handling fees and relevant staff costs incurred by the Group's pharmaceutical direct sales business were included in fulfillment costs. Fulfillment costs for the Reporting Period amounted to RMB2,907,137,000, representing an increase of RMB809,850,000 or 38.6% from RMB2,097,287,000 for the Corresponding Period. During the Reporting Period, fulfillment costs as a proportion of the revenue generated from pharmaceutical direct sales business increased by approximately 0.6% to 12.3%, as compared with 11.7% for the Corresponding Period, mainly due to the rise in fulfillment costs during the COVID-19 pandemic. In addition, activities such as single packaging were launched during the year to optimize user experience and the fulfillment rate increased as the amount of individual orders decreased. The fulfilment rate for the Reporting Period after excluding the impact of COVID-19 and operational activities, is roughly the same as the Corresponding Period.

– **Sales and marketing expenses**

Sales and marketing expenses for the Reporting Period amounted to RMB1,768,675,000, representing a decrease of RMB212,604,000 or 10.7% as compared with RMB1,981,279,000 for the Corresponding Period. The decrease was mainly attributable to the optimization of marketing and advertising strategies, and the Group's adjustment in the investment for developing the brand awareness of Tmall Healthcare Platform and pharmaceutical direct sales business.

– **Administrative expenses**

Administrative expenses for the Reporting Period amounted to RMB379,487,000, representing a decrease of RMB15,595,000 or 3.9% as compared with RMB395,082,000 for the Corresponding Period, benefiting from cost controls and the continuing effect of the economies of scale.

– **Product development expenses**

Product development expenses for the Reporting Period amounted to RMB677,822,000, representing a decrease of RMB51,006,000 or 7.0% as compared with RMB728,828,000 for the Corresponding Period, which was due to optimization of cost controls and research and development strategies during the Reporting Period.

– **Share of profits of joint ventures**

Share of profits of joint ventures represents the share of net operating results of the joint venture held as to 13.7% by the Group, Jiangsu Zijin Hongyun Health Industry Investment Partnership (Limited Partnership)^ (江蘇紫金弘雲健康產業投資合夥企業(有限合夥)). For the Reporting Period, the Group's share of profits of joint ventures was RMB48,981,000, as compared with RMB1,269,000 for the Corresponding Period.

– **Share of losses of associates**

The Group actively invests in the healthcare segment. The Group's share of losses of associates for the Reporting Period amounted to RMB37,600,000, representing a decrease of RMB9,289,000 as compared with the losses of RMB46,889,000 recorded for the Corresponding Period. Share of losses of associates for the year was mainly attributable to the fact that the progress of projects undertaken by some of the Group's associates engaged in providing services to hospitals was delayed due to the impact of COVID-19, and that some associates were still at the transformation or growing stage.

– **Non-Hong Kong Financial Reporting Standard indicator in relation to profit/loss for the year: Adjusted net profit/loss**

The Group's profit for the Reporting Period amounted to RMB534,263,000, as compared with a loss of RMB265,941,000 for the Corresponding Period. The Group's adjusted net profit for the Reporting Period amounted to RMB751,369,000, as compared with an adjusted net loss of RMB394,259,000 for the Corresponding Period. Adjusted net profit/(loss) is based on the profit/(loss) for the corresponding period after excluding non-operating profit or loss items such as share-based compensation expenses, change in fair value of financial assets at FVPL (non-current portion), gain or loss on disposal of subsidiaries (net of tax), and gain or loss on deemed disposal of associates (net of tax). The adjusted net profit/loss for the Reporting Period achieved a turnaround from loss to profit, mainly attributable to the continuous growth in the number of users on pharmaceutical direct sales business platforms, the operation refinement of the Group's business which has improved its bargaining and pricing capabilities and enhanced its operational efficiency, and the improvement in efficiency and cost sharing driven by the economies of scale on the platform.

To supplement the Group's consolidated financial statements presented in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**"), the Group has also reported its adjusted net profit/(loss), which is not required under, or presented in accordance with, HKFRSs, as an additional financial indicator. The Group believes that presenting the non-HKFRS indicator together with the relevant HKFRS indicator will facilitate investors to compare its operational performance across various periods by removing the potential impact of items which its management considers as not indicative of its operational performance. The Group believes that the non-HKFRS indicator provides investors and others with helpful information to understand and assess its consolidated operational results in the same way that its management does. However, the presentation of adjusted net (loss)/profit may not be comparable with similar indicators presented by other companies. Such non-HKFRS indicator has its limitations as an analytical tool, and it should not be considered as being independent of the operational results or financial position presented under HKFRSs, or as a substitute for analyzing the relevant operational results or financial position. In addition, the definition of such non-HKFRS indicator may differ from the definitions of similar indicators used by other companies.

The adjusted net profit/loss for the years ended March 31, 2023 and 2022 set out in the table below represents adjustments to the most direct and comparable financial indicator calculated and presented in accordance with HKFRSs (i.e. profit/loss for the year):

	For the year ended March 31,	
	2023	2022
	RMB'000	*RMB'000*
Profit/(loss)for the year	**534,263**	(265,941)
Excluding		
– Share-based compensation	**308,890**	408,098
– Fair value gain on financial assets at FVPL, net of tax	**(43,834)**	(155,024)
– Gain on deemed disposal of interests in associates, net of tax	**(32,123)**	(381,392)
– Gain on disposal of associates, net of tax	**(17,135)**	–
– Gain on disposal of subsidiaries, net of tax	**1,308**	–
Adjusted net profit/(loss)	**751,369**	(394,259)

FINANCIAL RESOURCES, LIQUIDITY AND FOREIGN EXCHANGE EXPOSURES

For the Reporting Period, the Group met its cash requirements primarily through cash generated from operating activities. The Group's cash and cash equivalents represent cash and bank balances. As at March 31, 2023 and March 31, 2022, the Group's cash and cash equivalents amounted to RMB10,917,171,000 and RMB10,547,851,000, respectively.

Cash flows of the Group for the years ended March 31, 2023 and 2022 were as follows:

	For the year ended March 31,	
	2023	2022
	RMB'000	*RMB'000*
Net cash flows generated from operating activities	**255,690**	424,363
Net cash flows (used in)/generated from investing activities	**(532,436)**	1,872,308
Net cash flows used in financing activities	**(111,278)**	(58,628)
Net (decrease)/increase in cash and cash equivalents	**(388,024)**	2,238,043
Cash and cash equivalents at the beginning of the year	**9,341,427**	7,252,275
Effects of exchange rate changes	**283,447**	(148,891)
Cash and cash equivalents at the end of the year	**9,236,850**	9,341,427
Non-pledged time deposits with a holding period of over three months	**1,680,321**	1,206,424
Cash and cash equivalents at the end of the year as stated in the consolidated financial statements	**10,917,171**	10,547,851

Net cash flows generated from operating activities

For the Reporting Period, net cash flows generated from operating activities amounted to RMB255,690,000, primarily attributable to profit before income tax from continuing operations of RMB550,994,000, as adjusted by: (i) non-cash or non-operating activities expense items, which primarily comprised the addition of share-based compensation expenses of RMB308,890,000, and the deduction of bank and other interest income of RMB331,588,000; (ii) changes in working capital, which primarily comprised an increase in trade and bills payables of RMB186,711,000, an increase in prepayments, other receivables of RMB214,854,000, an increase in other payables and accruals of RMB89,082,000, an increase in contract liabilities of RMB234,388,000, an increase in inventories of RMB711,694,000; and (iii) addition of interest received of RMB274,168,000.

Net cash flows generated from investing activities

For the Reporting Period, net cash used in investing activities amounted to RMB532,436,000, which was primarily attributable to the increase of the time deposits with original maturity of over three months of RMB376,766,000, net cash used in the payment of acquisition activities of RMB77,326,000 and net cash used in the purchase of financial assets at FVPL of RMB142,420,000 during the Reporting Period.

Net cash flows used in financing activities

For the Reporting Period, net cash flows used in financing activities was RMB111,278,000, which was primarily attributable to the principal portion of lease payments of RMB42,586,000 and the payment of RMB81,582,000 for repurchase of shares of the Company (the "**Shares**") by the trustee of the share award scheme of the Company (the "**Share Award Scheme**") during the Reporting Period.

Gearing ratio

As at March 31, 2023, the Group did not have any borrowings, and hence no gearing ratio was shown (March 31, 2022: Nil).

Charged on assets and contingent liabilities

As at March 31, 2023, the Group did not have any material contingent liabilities and had not pledged any Group assets for bank loans and banking facilities.

Liquidity

The Group's operations and transactions are principally conducted in the PRC. The Group prudently managed its treasury functions and maintained a healthy liquidity position throughout the Reporting Period. The Board closely monitors the Group's liquidity position to ensure that the liquidity structure of our assets, liabilities and other commitments can meet the Group's funding requirements from time to time.

Foreign exchange exposures

Except for a certain amount of bank balances and cash, most of the Group's bank balances and cash are placed in fixed deposits and are denominated in Hong Kong dollars, Renminbi and United States dollars, while other assets and liabilities are mainly denominated in either Hong Kong dollars or Renminbi. The Group changed its presentation currency from Hong Kong dollars to Renminbi starting from the year ended March 31, 2016 to better reflect its operations in the PRC and to be consistent with the internal reporting portfolio reviewed by the Directors. The Group does not have foreign exchange hedging policy, but the management will continue to closely monitor exchange rate fluctuations and will take appropriate measures to keep foreign exchange risk exposure to the minimum. The Group does not use any financial instruments for hedging purposes.

EMPLOYEES AND REMUNERATION POLICIES

The number of full-time employees of the Group as at March 31, 2023 was 1,560 (March 31, 2022: 1,870). Total staff costs of the Group for the Reporting Period amounted to RMB1,223.0 million (for the Corresponding Period: RMB1,303.2 million). All staff employed by the Group in Hong Kong participated in the Mandatory Provident Fund Scheme.

The Group's policy is to maintain a competitive pay structure and its employees are rewarded based on their performance.

The Group also adopted the Share Award Scheme as approved by the shareholders of the Company (the "**Shareholders**") on November 24, 2014. Pursuant to the Share Award Scheme, the Board may grant awards (the "**Share Awards**") in the form of restricted share units ("**RSUs**") or options to eligible participants, including the Directors, the directors of the Company's subsidiaries, the employees of the Group or any other persons who, as determined by the Board in its absolute discretion, have contributed or will contribute to the Group. The Share Award Scheme was adopted before the effective date of the new Chapter 17 of the Listing Rules. The Company will comply with the new Chapter 17 in accordance with the transitional arrangements for the existing share scheme.

SIGNIFICANT INVESTMENTS, MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

During the Reporting Period, the Group did not purchase any short-term and liquid investments and financial assets. The Company has its own treasury policy setting out the selection guidelines and relevant approval procedures for acceptable short-term investments and financial assets with reference to its risk management policy. According to such treasury policy, the Company can invest in products including non-equity financial asset investments with strong liquidity which can be realized either at any time or within a short period of time. According to the Company's prevailing approval procedures, any investment decision related to financial assets shall be approved by the financial and treasury manager of the Company, and shall, depending on the size of the investment, be approved by the financial controller or chief financial officer. As at March 31, 2023, the Company did not have any short-term investment at FVPL (balance as at March 31, 2022: Nil).

During the Reporting Period, the Group did not have any significant investments nor did the Group carry out any material acquisition and disposal of subsidiaries, associates and joint ventures.

IMPORTANT EVENTS OCCURRED SINCE MARCH 31, 2023

There was no important event affecting the Group which occurred after March 31, 2023 and up to the date of this report.

^ *For identification purposes only*

The Board of Alibaba Health Information Technology Limited presents its report and the audited financial statements for the Reporting Period.

PRINCIPAL ACTIVITIES

The Company is an investment holding company and the Group is primarily engaged in the pharmaceutical direct sales business, pharmaceutical e-commerce platform business and healthcare and digital services business.

BUSINESS REVIEW

Review of Business

A review of the Group's business, including the principal risks and uncertainties faced by such business are described under the paragraph headed "4. Disclosure of Material Risks" in the section headed "Risk Management and Internal Control" of this report on pages 85 to 87 and the paragraph headed "Risks associated with the Contractual Arrangements and the actions taken by the Group to mitigate the risks" in the section headed "Directors' Report" of this report on pages 54 to 55, and its possible future development are described under the paragraph headed "5. Outlook and Key Actions for FY2024" in the section headed "Risk Management and Internal Control" of this report on page 88.

Analysis of Performance and Financial Position

The key financial figures and financial position of the Group for the Reporting Period and the relevant analysis are set out under the paragraphs headed "Financial Review" and "Financial Resources, Liquidity and Foreign Exchange Exposures", respectively, in the section headed "Management Discussion and Analysis" of this report on pages 13 to 17 and pages 18 to 19, respectively.

Environmental Policies and Performance

The Group is committed to promoting environmentally friendly business practices and raising awareness on the conservation of natural resources. By utilizing intranet systems, our staff can accomplish some of their administrative work electronically which reduces the use of office supplies. We also encourage prudent electricity consumption. Our staff are advised to switch off any lights in unoccupied areas. We believe that taking active measures in minimizing wasteful material and energy consumption in the course of conducting our business will not only bring economic benefits but also assist in the preservation of the natural environment.

Compliance with Laws and Regulations

The Group recognizes the importance of compliance with legal and regulatory requirements. Internal compliance and risk management policies and procedures are in place to ensure the Group's adherence and compliance with all significant and applicable legal and regulatory requirements in Hong Kong and the PRC. During the Reporting Period and up to the date of this report, to the best knowledge of the Directors, the Group has complied in all material respects with the applicable laws and regulations of Hong Kong and the PRC which have a significant impact on the business and operations of the Group, including in respect of its principal businesses (namely the pharmaceutical direct sales business, pharmaceutical e-commerce platform business and healthcare and digital services business), its employment and labor practices and environmental protection, etc. The Group has also obtained all licenses, approvals and permits from the relevant regulatory authorities that are material for its business operations in the PRC.

Relationships with Key Stakeholders

The Group's success depends on the support from the key stakeholders which include its employees, customers and suppliers.

Employees

Employees are regarded as the most important and valuable assets of the Group. The number of full-time employees of the Group as at March 31, 2023 was 1,560 (1,870 as at March 31, 2022). The Group's policy is to maintain a competitive pay structure and employees are rewarded based on their performance and with appropriate incentives including cash bonuses and through the use of the Share Award Scheme, details of which are set out under the sub-section headed "Share Award Scheme" in this report.

Customers

The Group believes that effective communications are the key to maintaining a good relationship with its customers. Various means have been established to strengthen the communications between the Group and its customers, including seeking more regular feedback through direct engagement with customers and also through industry seminars and forums for better understanding of industry trends and demands. The Group continually strives to improve service quality and to provide better customer experience.

Suppliers

Sound relationships with key suppliers of the Group are important in managing the supply chain, meeting business challenges and complying with regulatory requirements, which can drive cost effectiveness and foster long-term business benefits. We seek to develop long-standing relationships with our key suppliers and to explore with them ways to improve supply chain efficiencies.

RESULTS AND DIVIDENDS

The Group's financial performance for the Reporting Period and the financial position of the Group as at that date are set out in the financial statements on pages 96 to 101.

The Board does not recommend the payment of a final dividend for the Reporting Period (for the Corresponding Period: Nil).

SUMMARY FINANCIAL INFORMATION

A summary of the published results and assets, liabilities and non-controlling interests of the Group for the last five financial years, as extracted from the audited financial statements and restated as appropriate, is set out on page 210. This summary does not form part of the audited financial statements.

SHARE CAPITAL, SHARE OPTIONS AND RSUs

Details of movements in the Company's share capital, share options and RSUs during the Reporting Period are set out in notes 28 to 29 to the consolidated financial statements.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

During the Reporting Period, neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities, except that in October 2022, a trustee of the Share Award Scheme purchased a total of 25,258,000 shares of the Company on the market for a total consideration of HK$90,000,000 (equivalent to RMB81,582,000), to satisfy the share awards granted under the Share Award Scheme to the non-connected employees of the Company upon vesting.

ISSUE FOR CASH OF EQUITY SECURITIES

Placing of New Shares under General Mandate

On August 5, 2020, the Company entered into a placing agreement (the "**Placing Agreement**") with Citigroup Global Markets Limited and Credit Suisse (Hong Kong) Limited (the "**Placing Agents**") in relation to the placing of an aggregate of 498,753,118 new ordinary shares of the Company (the "**Placing Share(s)**") at the placing price of HK$20.05 per Placing Share (exclusive of brokerage, transaction levy of the Securities and Futures Commission and trading fee of the Stock Exchange payable by the purchasers) (the "**Placing Price**") on the terms and conditions set out in the Placing Agreement (the "**Placing**"). The aggregate nominal value of the Placing Shares was HK$4,987,531.18. The Placing Price of HK$20.05 per Placing Share represents (i) a discount of approximately 8.03% to the closing price of HK$21.80 per share as quoted on the Stock Exchange on August 4, 2020, being the last trading day immediately prior to the date of the Placing Agreement; and (ii) a discount of approximately 6.18% to the average closing price of HK$21.37 per share as quoted on the Stock Exchange for the last five consecutive trading days up to and including August 4, 2020, being the date immediately prior to the date of the Placing Agreement. The aggregate net proceeds from the Placing was HK$9,964.2 million, representing a net Placing Price of approximately HK$19.98 per Placing Share. As stated in the daily quotation sheets issued by the Stock Exchange, on August 5, 2020, being the date which the Placing Agreement was entered into, the closing price per share was HK$21.25. The Group conducted the Placing based on its insights into, and optimism for the prospects of, the Internet healthcare industry, as well as the need for the Group to further develop its healthcare business and continue its rapid development. The Group viewed the Placing as an opportunity for the Group to raise capital while broadening its shareholder and capital base.

The Placing was completed on August 12, 2020 (the "**Completion Date**"), where a total of 498,753,118 new ordinary shares of the Company, representing approximately 3.71% of the total issued share capital of the Company as at the Completion Date (as enlarged by the allotment and issue of the Placing Shares), have been successfully placed to not less than six placees at a price of HK$20.05 per Placing Share who are professional, institutional and/or individual investors. The Placing Shares were allotted and issued under the general mandate granted by the Shareholders at the annual general meeting of the Company held on July 30, 2020.

The aggregate gross proceeds from the Placing amount to approximately HK$10,000.0 million and the aggregate net proceeds (after deduction of the commissions and expenses relating to the Placing) from the Placing amount to approximately HK$9,964.2 million (the "**Placing Net Proceeds**"), representing a net issue price of approximately HK$19.98 per Placing Share. For further details of the Placing, please refer to the announcements of the Company dated August 5, 2020 and August 12, 2020 (the "**Placing Announcements**").

As at March 31, 2023, the Group had applied the Placing Net Proceeds as follows:

Use of Placing Net Proceeds	Planned use of Placing Net Proceeds as disclosed in the Placing Announcements	Actual use of Placing Net Proceeds as at March 31, 2022	Actual use of Placing Net Proceeds for the Reporting Period	Unutilized Placing Net Proceeds	Expected timeframe of the full utilization of the unutilized Placing Net Proceeds(Note)
Develop the Group's pharmaceutical and healthcare omni-channel business and medical and healthcare services business	Approximately HK$7,971.4 million–HK$8,967.8 million	HK$2,413.2 million	HK$1,536.9 million	HK$4,021.3 million–HK$5,017.7 million	March 31, 2024–March 31, 2027
Further develop the Group's digital infrastructure and innovative business	Approximately HK$996.4 million–HK$1,992.8 million	HK$655.1 million	HK$237.4 million	HK$103.9 million–HK$1,100.3 million	March 31, 2024–March 31, 2027

Note:

The Placing Net Proceeds have been and will be applied in the manner consistent with the use of proceeds as disclosed in the Placing Announcements. The expected timeframe for utilizing the Placing Net Proceeds is based on the best estimation of the future market conditions made by the Group as at the date of this report. It will be subject to change based on the current and future developments of market conditions. The Board considers that the expected timeline of the full utilization of the unutilized Placing Net Proceeds shall be within the coming one to four years, which is from March 31, 2024 to March 31, 2027 having taken into account the recent market conditions and the business environment and development of the Group. The Company will continue to closely monitor future developments in the market and economic environment in order to optimize the Group's resources and timeframe for the application of the unutilized Placing Net Proceeds. The remaining unutilized portion of the Placing Net Proceeds has been deposited in reputable banks.

Save as disclosed above and the options exercised by the relevant grantees under the Share Award Scheme as disclosed in this report, the Company had not issued for cash any equity securities (including securities convertible into equity securities) for the Reporting Period and no other proceeds has been brought forward from any issue of securities for cash as at March 31, 2023.

DEBENTURES

During the Reporting Period, the Company did not issue any debentures.

EQUITY-LINKED AGREEMENTS

During the Reporting Period, the Company did not enter into any equity-linked agreements in respect of its shares.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's bye-laws or the laws of Bermuda which would oblige the Company to offer new shares on a pro rata basis to the existing Shareholders.

DISTRIBUTABLE RESERVES

The Company did not have any reserves available for distribution at the end of the Reporting Period. However, the Company's share premium account, in the amount of approximately RMB43,734,076,000, may be distributed in the form of fully paid bonus shares.

MAJOR CUSTOMERS AND SUPPLIERS

During the Reporting Period, sales to the Group's five largest customers accounted for less than 30% of the total sales for the year, and purchases from the Group's five largest suppliers accounted for less than 30% of the total purchases for the year.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

For the purpose of disclosing the environmental, social and governance (the "**ESG**") information in accordance with the ESG Reporting Guide in Appendix 27 to the Listing Rules, the Company has engaged an external consultant to identify material ESG issues of the Group and assist in the reporting of the Group's performance based on its ESG management approach, strategy, priorities and objectives. For details of the Company's ESG policies and performance and its compliance with the relevant laws and regulations, please refer to the Company's ESG report which will be published separately.

DIRECTORS' REPORT

DIRECTORS

The Directors during the Reporting Period and up to the date of this report were:

Executive Directors:

Mr. Zhu Shunyan
Mr. Tu Yanwu
Mr. Shen Difan

Non-executive Director:

Mr. Li Faguang (resigned on May 15, 2023)
Ms. Huang Jiaojiao (appointed on May 15, 2023)

Independent Non-executive Directors:

Mr. Luo Tong
Mr. Wong King On, Samuel
Ms. Huang Yi Fei (Vanessa)

Since the date of the annual report on May 25, 2022 for the Corresponding Period and up to the date of this report, the changes to the information which are required to be disclosed pursuant to paragraphs (a) to (e) and (g) of Rule 13.51(2) of the Listing Rules is as below:

– Mr. Li Faguang resigned as a non-executive Director, with effect from May 15, 2023.

– Ms. Huang Jiaojiao was appointed as a non-executive Director, with effect from May 15, 2023.

In accordance with bye-law 84(1) and (2) of the bye-laws of the Company, Mr. Tu Yanwu, Mr. Luo Tong and Mr. Wong King On, Samuel will retire at the forthcoming annual general meeting of the Company (the "**2023 AGM**"). Mr. Luo Tong and Mr. Wong King On, Samuel have decided not to stand for re-election at the 2023 AGM and will retire as independent non-executive Directors after the conclusion of the 2023 AGM. The Board is in the process of identifying suitable candidates to fill the vacancies of Mr. Luo Tong and Mr. Wong King On, Samuel and will use its best endeavours to ensure that suitable candidates shall be appointed as soon as practicable. The Company will make further announcement(s) as and when appropriate. Mr. Tu Yanwu being eligible, will offer himself for re-election at the 2023 AGM. Ms. Huang Jiaojiao, who was appointed as a non-executive Director on May 15, 2023, shall hold office only until the 2023 AGM in accordance with bye-law 83(2) of the Bye-Laws. Being eligible, Ms. Huang Jiaojiao will offer herself for re-election at the 2023 AGM.

The non-executive Director and independent non-executive Directors are appointed for a term of one year. Their appointment shall be renewable automatically for successive terms of one year each commencing from the next day after the expiry of the then current term of their appointment unless terminated by the Company in accordance with the terms of their appointment letters and the provisions of the bye-laws of the Company, respectively.

During the Reporting Period and up to the date of this report, (i) the Company had three independent non-executive Directors representing at least one-third of the Board; and (ii) the composition of each of the Board, the audit committee (the "**Audit Committee**") and the remuneration committee (the "**Remuneration Committee**") of the Company was fully compliant with Rule 3.10(1), Rule 3.10A, Rule 3.21 and Rule 3.25 of the Listing Rules. The Company received, from each of the independent non-executive Directors, an annual confirmation of his or her independence pursuant to Rule 3.13 of the Listing Rules and accordingly considers them to be independent.

DIRECTORS' AND SENIOR MANAGEMENT'S BIOGRAPHIES

Biographical details of the Directors and the senior management of the Group are set out on pages 60 to 63 of this report.

DIRECTORS' SERVICE CONTRACTS

No Director proposed for re-election at the forthcoming annual general meeting has a service contract with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

DIRECTORS' REMUNERATION

The emoluments of the Directors are determined having regard to the Company's operating results, individual performance and comparable market statistics. The details of the Directors' emoluments are set out in note 7 to the consolidated financial statements in this report. During the Reporting Period, there was no arrangement under which a Director waived or agreed to waive any remuneration and no remuneration was paid by the Group to a Director as an inducement to join or upon joining the Group or as compensation for loss of office.

The Directors are also eligible to be granted Share Awards under the Share Award Scheme. The details of the scheme are set out in note 29 to the consolidated financial statements.

SHARE AWARD SCHEME

At the special general meeting of the Company held on November 24, 2014 (the "**Adoption Date**"), the Shareholders approved the adoption of the Share Award Scheme. Unless terminated earlier by the Board, the Share Award Scheme shall be valid and effective for a term of ten years commencing on the Adoption Date. The Share Award Scheme shall remain in effect until November 23, 2024. The purpose of the Share Award Scheme is to grant Share Awards to eligible participants as incentives and/or rewards for their contribution to the Group, to reward the personnel who have contributed to the development and success of the Group, to incentivise them to remain with the Group, to motivate them to strive for the future development and expansion of the Group and to attract skilled and experienced personnel for further development and expansion of the Group by providing them with the opportunity to acquire equity interests in the Company. Eligible participants for the grant of Share Awards include Directors, the directors of the Company's subsidiaries, the employees of the Group or any other persons as determined by the Board who the Board considers, in its absolute discretion, have contributed or will contribute to the Group.

The validity period of the Options granted which may be exercised by the grantee under the Share Award Scheme shall be ten years from the date of grant and the Options shall lapse at the expiry of the validity period. The Options and RSUs granted under the Share Award Scheme shall have a vesting period within one to six years. The exercise price of the Options is determinable by the Board in their absolute direction, but in any event shall not be less than the highest of (i) the closing price of the Shares as stated in the daily quotation sheets issued by the Stock Exchange on the date of offer; (ii) the average closing price of the Shares as stated in the daily quotation sheets issued by the Stock Exchange for the five business days immediately preceding the date of offer and (iii) the nominal value of the Shares. For the acceptance of an Option, the Company may, in its discretion, require a grantee pay a remittance of HK$1.00 (or such other amount in any other currency as the Board may determine) as consideration for the grant of an Option. Such remittance is not refundable in any circumstances. No amount was required for the acceptance of an RSU by a grantee.

Pursuant to the terms of the Share Award Scheme, the Board may, from time to time, at its absolute discretion and subject to such terms and conditions as it may think fit (including the basis of eligibility of each employee determined by the Board from time to time) select an employee or any other person for participation in the Share Award Scheme and determine the number of Share Awards to be awarded. The total number of shares in respect of which Share Awards may be granted under the Share Award Scheme and any other share award schemes of the Company shall not exceed 3% of the Shares in issue as at the Adoption Date (the "**Scheme Mandate Limit**"), or 3% of the Shares in issue as at the new approval date of the renewed Scheme Mandate Limit. The maximum number of shares of the Company issued and to be issued upon the vesting or exercise of the Share Awards granted to each participant pursuant to the Share Award Scheme (including all vested, exercised and outstanding Share Awards) in any 12-month period shall not (when aggregated with any Shares underlying the Share Awards granted during such period pursuant to any other share award schemes of the Company) exceed 1% of the Shares in issue from time to time, unless such grant was separately approved by the Shareholders in general meeting with such participant and his close associates (or his associates if the participant is a connected person) abstaining from voting.

The specific mandate granted to the Board at the annual general meeting of the Company held on September 30, 2015 (the "**2015 Specific Mandate**") to exercise all the powers of the Company to grant Share Awards lapsed at the conclusion of the annual general meeting of the Company held on August 18, 2016. The specific mandate was subsequently renewed by approval of the Shareholders at the annual general meetings of the Company held on August 18, 2016 (the "**2016 Specific Mandate**"), July 26, 2017 (the "**2017 Specific Mandate**"), July 20, 2018, July 10, 2019 (the "**2019 Specific Mandate**"), July 30, 2020 (the "**2020 Specific Mandate**"), July 30, 2021 (the "**2021 Specific Mandate**") and August 5, 2022 (the "**2022 Specific Mandate**") respectively. The total number of shares underlying the Share Awards granted which remained outstanding as at March 31, 2023 amounted to 116,561,925, of which 2,406,500 were granted pursuant to the 2015 Specific Mandate, 592,500 were granted pursuant to the 2016 Specific Mandate, 1,478,750 were granted pursuant to the 2017 Specific Mandate, 12,312,433 were granted pursuant to the 2019 Specific Mandate, 15,659,099 were granted pursuant to the 2020 Specific Mandate, 78,298,093 were granted pursuant to the 2021 Specific Mandate and 5,814,550 were granted pursuant to the 2022 Specific Mandate. As at March 31, 2023 and the date of this report, Share Awards in respect of a total of 399,112,399 underlying shares, which represent approximately 2.95% of the total issued shares as at March 31, 2023 and the date of this report, remain available to be granted under the Share Award Scheme under the 2022 Specific Mandate.

Details of the Options and RSUs granted during the Reporting Period and/or outstanding as at March 31, 2023 under the Share Award Scheme are as below:

Name of Option holders/ grantees of RSU	Nature	Number of shares represented by Options or RSUs outstanding as at April 1, 2022	Date of grant/ conditional grant	Granted during the year	Vesting Period	Exercise Period	Performance targets	Purchase price *(HK$)*	Exercise price *(HK$)*	Options exercised during the year[15]	Options or RSUs lapsed during the year	Options or RSUs cancelled during the year	RSU vested during the year	Number of shares represented by Options or RSUs outstanding as at March 31, 2023
Mr. Zhu Shunyan[16]	Options	2,900,000	June 15, 2020[1]	–	Within six years from June 15, 2020	Within ten years from June 15, 2020	None	Nil	19.940	–	–	–	–	2,900,000
	Options	421,250	June 15, 2021[2]	–	Within six years from June 15, 2021	Within ten years from June 15, 2021	None	Nil	18.212	–	–	–	–	421,250
	Options	–	June 15, 2022[3]	1,290,125	Within six years from June 15, 2022	Within ten years from June 15, 2022	None	Nil	4.920	–	–	–	–	1,290,125
	RSUs	500,000	June 15, 2020	–	Within six years from June 15, 2020	–	None	Nil	–	–	–	–	250,000	250,000
	RSUs	168,500	June 15, 2021	–	Within six years from June 15, 2021	–	None	Nil	–	–	–	–	42,125	126,375
	RSUs	–	June 15, 2022	516,050	Within six years from June 15, 2022	–	None	Nil	–	–	–	–	–	516,050
Total	**Options**	**3,321,250**	**–**	**1,290,125**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**4,611,375**
	RSUs	**668,500**	**–**	**516,050**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**292,125**	**892,425**
Mr. Shen Difan[16]	Options	336,750	June 15, 2021[2]	–	Within four years from June 15, 2021	Within ten years from June 15, 2021	None	Nil	18.212	–	–	–	–	336,750
	Options	–	June 15, 2022[3]	1,062,750	Within four years from June 15, 2022	Within ten years from June 15, 2022	None	Nil	4.920	–	–	–	–	1,062,750
	RSUs	125,000	June 14, 2019	–	Within four years from June 14, 2019	–	None	Nil	–	–	–	–	125,000	–
	RSUs	134,700	June 15, 2021	–	Within four years from June 15, 2021	–	None	Nil	–	–	–	–	33,675	101,025
	RSUs	–	June 15, 2022	425,100	Within four years from June 15, 2022	–	None	Nil	–	–	–	–	–	425,100
Total	**Options**	**336,750**	**–**	**1,062,750**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**1,399,500**
	RSUs	**259,700**	**–**	**425,100**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**158,675**	**526,125**
Mr. Tu Yanwu	Options	145,000	June 15, 2020[1]	–	Within four years from June 15, 2020	Within ten years from June 15, 2020	None	Nil	19.940	–	–	–	–	145,000
	Options	67,250	June 15, 2021[2]	–	Within four years from June 15, 2021	Within ten years from June 15, 2021	None	Nil	18.212	–	–	–	–	67,250
	Options	–	June 15, 2022[3]	283,250	Within four years from June 15, 2022	Within ten years from June 15, 2022	None	Nil	4.920	–	–	–	–	283,250
	RSUs	38,500	June 14, 2019	–	Within four years from June 14, 2019	–	None	Nil	–	–	–	–	38,500	–
	RSUs	385,000	September 18, 2019	–	Within four years from September 18, 2019	–	None	Nil	–	–	–	–	192,500	192,500
	RSUs	43,500	June 15, 2020	–	Within four years from June 15, 2020	–	None	Nil	–	–	–	–	14,500	29,000
	RSUs	26,900	June 15, 2021	–	Within four years from June 15, 2021	–	None	Nil	–	–	–	–	6,725	20,175
	RSUs	–	June 15, 2022	113,300	Within four years from June 15, 2022	–	None	Nil	–	–	–	–	–	113,300
Total	**Options**	**212,250**	**–**	**283,250**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**495,500**
	RSUs	**493,900**	**–**	**113,300**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**252,225**	**354,975**
Three of the five highest paid employees of the Company	Options	–	June 15, 2022[3]	1,469,875	Within four years from June 15, 2022	Within 10 years from June 15, 2022	None	Nil	4.920	–	–	–	–	1,469,875
	RSUs	537,000	December 15, 2020	–	Within four years from December 15, 2020	–	None	Nil	–	–	–	–	268,500	268,500
	RSUs	–	June 15, 2022	587,950	Within four years from June 15, 2022	–	None	Nil	–	–	–	–	–	587,950
	RSUs	–	September 15, 2022	947,311	Within four years from September 15, 2022	–	None	Nil	–	–	–	–	–	947,311
Total	**Options**	**–**	**–**	**1,469,875**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**1,469,875**
	RSUs	**537,000**	**–**	**1,535,261**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**268,500**	**1,803,761**

Name of Option holders/ grantees of RSU	Nature	Number of shares represented by Options or RSUs outstanding as at April 1, 2022	Date of grant/ conditional grant	Granted during the year	Vesting Period	Exercise Period	Performance targets	Purchase price *(HK$)*	Exercise price *(HK$)*	Options exercised during the year[15]	Options or RSUs lapsed during the year	Options or RSUs cancelled during the year	RSU vested during the year	Number of shares represented by Options or RSUs outstanding as at March 31, 2023
Employees of the Group working under employment contracts that are regarded as "continuous contracts" for the purposes of the Employment Ordinance (Chapter 57 of the laws of Hong Kong)	Options	508,000	September 7, 2015[4]	–	From October 10, 2015 to October 10, 2019	Within ten years from September 7, 2015	None	Nil	5.184	–	–	–	–	508,000
	Options	187,250	April 28, 2016[5]	–	From October 10, 2017 to April 30, 2020	Within ten years from April 28, 2016	None	Nil	5.320	35,250	–	–	–	152,000
	Options	1,838,000	July 29, 2016[6]	–	From October 10, 2016 to July 31, 2020	Within ten years from July 29, 2016	None	Nil	5.558	91,500	–	–	–	1,746,500
	Options	775,500	February 2, 2017[7]	–	From January 31, 2019 to January 31, 2021	Within ten years from February 2, 2017	None	Nil	3.626	183,000	–	–	–	592,500
	Options	331,000	June 14, 2017[8]	–	From April 30, 2019 to April 30, 2021	Within ten years from June 14, 2017	None	Nil	3.902	331,000	–	–	–	–
	Options	1,684,250	August 3, 2017[9]	–	From July 31, 2018 to July 31, 2021	Within ten years from August 3, 2017	None	Nil	3.686	885,500	–	–	–	798,750
	Options	2,020,250	October 10, 2017[10]	–	From October 10, 2018 to October 10, 2021	Within ten years from October 10, 2017	None	Nil	4.400	1,858,250	–	–	–	162,000
	Options	689,500	February 1, 2018[11]	–	From October 10, 2019 to January 31, 2022	Within ten years from February 1, 2018	None	Nil	4.144	171,500	–	–	–	518,000
	Options	966,750	June 15, 2020[1]	–	Within four years from June 15, 2020	Within ten years from June 15, 2020	None	Nil	19.940	–	–	–	–	966,750
	Options	119,000	September 15, 2020[12]	–	Within four years from September 15, 2020	Within ten years from September 15, 2020	None	Nil	18.660	–	–	–	–	119,000
	Options	838,000	June 15, 2021[2]	–	Within four years from June 15, 2021	Within ten years from June 15, 2021	None	Nil	18.212	–	–	–	–	838,000
	Options	100,000	December 15, 2021[13]	–	Within four years from December 15, 2021	Within ten years from June 15, 2021	None	Nil	7.438	–	100,000	–	–	–
	Options	750,000	March 15, 2022[14]	–	Within four years from March 15, 2022	Within ten years from March 15, 2022	None	Nil	4.240	–	–	–	–	750,000
	Options	–	June 15, 2022[3]	3,237,750	Within four years from June 15, 2022	Within ten years from June 15, 2022	None	Nil	4.920	–	212,500	–	–	3,025,250
	RSUs	1,664,250	July 31, 2018	–	Within four years from July 31, 2018	–	None	Nil	–	–	18,250	–	1,646,000	–
	RSUs	515,328	October 10, 2018	–	Within four years from October 10, 2018	–	None	Nil	–	–	–	–	515,328	–
	RSUs	626,564	January 31, 2019	–	Within four years from January 31, 2019	–	None	Nil	–	–	226,564	–	400,000	–
	RSUs	4,914,750	June 14, 2019	–	Within four years from June 14, 2019	–	None	Nil	–	–	683,500	–	4,231,250	–
	RSUs	3,660,938	August 2, 2019	–	Within four years from August 2, 2019	–	None	Nil	–	–	363,000	–	1,837,188	1,460,750
	RSUs	617,050	September 18, 2019	–	Within four years from September 18, 2019	–	None	Nil	–	–	190,000	–	228,050	199,000
	RSUs	710,497	February 24, 2020	–	Within four years from February 24, 2020	–	None	Nil	–	–	113,750	–	368,495	228,252
	RSUs	941,609	March 16, 2020	–	Within four years from March 16, 2020	–	None	Nil	–	–	314,158	–	355,770	271,681
	RSUs	8,828,075	June 15, 2020	–	Within four years from June 15, 2020	–	None	Nil	–	–	984,662	–	3,041,913	4,801,500
	RSUs	3,020,712	September 15, 2020	–	Within four years from September 15, 2020	–	None	Nil	–	–	323,475	–	1,193,463	1,503,774
	RSUs	1,039,950	December 15, 2020	–	Within four years from December 15, 2020	–	None	Nil	–	–	376,000	–	331,975	331,975
	RSUs	1,245,000	March 15, 2021	–	Within four years from March 15, 2021	–	None	Nil	–	–	226,000	–	509,500	509,500
	RSUs	16,466,600	June 15, 2021	–	Within four years from June 15, 2021	–	None	Nil	–	–	1,945,250	–	3,670,825	10,850,525
	RSUs	9,724,465	September 15, 2021	–	Within four years from September 15, 2021	–	None	Nil	–	–	1,542,973	–	1,882,099	6,299,393
	RSUs	2,362,900	December 15, 2021	–	Within four years from December 15, 2021	–	None	Nil	–	–	793,000	–	–	1,569,900
	RSUs	2,144,000	March 15, 2022	–	Within four years from March 15, 2022	–	None	Nil	–	–	135,000	–	–	2,009,000
	RSUs	–	June 15, 2022	66,617,400	Within four years from June 15, 2022	–	None	Nil	–	–	7,734,900	–	–	58,882,500
	RSUs	–	September 15, 2022	4,875,991	Within one to four years from September 15, 2022	–	None	Nil	–	–	82,100	–	676,652	4,117,239
	RSUs	–	December 15, 2022	390,000	Within four years from December 15, 2022	–	None	Nil	–	–	–	–	–	390,000
	RSUs	–	March 15, 2023	360,000	Over one to four years from March 15, 2023	–	None	Nil	–	–	–	–	–	360,000
Total	**Options**	**10,807,500**	**–**	**3,237,750**	**–**	**–**	**–**	**–**	**–**	**3,556,000**	**312,500**	**–**	**–**	**10,176,750**
	RSUs	**58,482,688**	**–**	**72,243,391**	**–**	**–**	**–**	**–**	**–**	**–**	**16,052,582**	**–**	**20,888,508**	**93,784,989**
Employees of the affiliates of the Company	Options	500,000	June 15, 2020[1]	–	Within four years from June 15, 2020	Within ten years from June 15, 2020	None	Nil	19.940	–	–	–	–	500,000
	RSUs	667,500	June 15, 2020	–	Within four years from June 15, 2020	–	None	Nil	–	–	–	–	299,500	368,000
	RSUs	238,900	June 15, 2021	–	Within four years from June 15, 2021	–	None	Nil	–	–	–	–	73,900	165,000
	RSUs	18,200	September 15, 2021	–	Within four years from September 15, 2021	–	None	Nil	–	–	–	–	4,550	13,650
Total	**Options**	**500,000**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**500,000**
	RSUs	**924,600**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**377,950**	**546,650**

Notes:

(1) The closing price per share is HK$20.65 as stated in the daily quotation sheets issued by the Stock Exchange on June 12, 2020, being the trading day immediately before the date of grant.

(2) The closing price per share is HK$17.90 as stated in the daily quotation sheets issued by the Stock Exchange on June 11, 2021, being the trading day immediately before the date of grant.

(3) The closing price per share is HK$4.74 as stated in the daily quotation sheets issued by the Stock Exchange on June 14, 2022, being the trading day immediately before the date of grant.

(4) The closing price per share is HK$5.02 as stated in the daily quotation sheets issued by the Stock Exchange on September 4, 2015, being the trading day immediately before the date of grant.

(5) The closing price per share is HK$5.23 as stated in the daily quotation sheets issued by the Stock Exchange on April 27, 2016, being the trading day immediately before the date of grant.

(6) The closing price per share is HK$5.55 as stated in the daily quotation sheets issued by the Stock Exchange on July 28, 2016, being the trading day immediately before the date of grant.

(7) The closing price per share is HK$3.59 as stated in the daily quotation sheets issued by the Stock Exchange on February 1, 2017, being the trading day immediately before the date of grant.

(8) The closing price per share is HK$3.92 as stated in the daily quotation sheets issued by the Stock Exchange on June 13, 2017, being the trading day immediately before the date of grant.

(9) The closing price per share is HK$3.63 as stated in the daily quotation sheets issued by the Stock Exchange on August 2, 2017, being the trading day immediately before the date of grant.

(10) The closing price per share is HK$4.01 as stated in the daily quotation sheets issued by the Stock Exchange on October 9, 2017, being the trading day immediately before the date of grant.

(11) The closing price per share is HK$4.09 as stated in the daily quotation sheets issued by the Stock Exchange on January 31, 2018, being the trading day immediately before the date of grant.

(12) The closing price per share is HK$18.76 as stated in the daily quotation sheets issued by the Stock Exchange on September 14, 2020, being the trading day immediately before the date of grant.

(13) The closing price per share is HK$7.35 as stated in the daily quotation sheets issued by the Stock Exchange on December 14, 2021, being the trading day immediately before the date of grant.

(14) The closing price per share is HK$3.76 as stated in the daily quotation sheets issued by the Stock Exchange on March 14, 2021, being the trading day immediately before the date of grant.

(15) The weighted average closing price of the shares immediately before the dates on which the Options granted to the employees were exercised calculated by the closing price per Share as stated in the daily quotation sheets issued by the Stock Exchange is HK$6.20 per share. The number of shares that may be issued in respect of the Options granted under the Share Award Scheme during the Reporting Period divided by the weighted average number of the shares in issue for the Reporting Period is 0.05%.

(16) One of the five highest paid employees of the Company.

The Company estimated the fair values of its Options using the binomial model, which requires the Group to make estimates about inputs, such as expected volatility, expected dividend yield, exercise multiple, risk-free interest rate and expected forfeiture rate, and hence such estimates are subject to subjectivity and uncertainty. For the accounting policy adopted for the Share Awards and the fair value of the Options granted during the Reporting Period, please refer to note 2.4 (Share-based payments) and note 29 (Share Award Scheme).

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at March 31, 2023, the interests and short positions of the Directors and chief executive in the share capital and underlying shares of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "**SFO**"), as recorded in the register required to be kept by the Company pursuant to section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 to the Listing Rules, were as follows:

Long positions in shares and underlying shares of the Company

	Number of ordinary shares and underlying shares held, capacity and nature of interest		
Name of Director	**Nature of interest**	**Total interest in shares**	**Approximate percentage of the Company's share capital**
Mr. Zhu Shunyan	Beneficial owner and equity derivative interests(1)	6,695,925	0.05%#
Mr. Shen Difan	Beneficial owner and equity derivative interests(2)	3,020,300	0.02%#
Mr. Tu Yanwu	Beneficial owner and equity derivative interests(3)	1,361,203	0.01%#

Notes:

(1) Mr. Zhu Shunyan beneficially held 1,178,083 ordinary shares of the Company and subject to vesting, is interested in 5,517,842 shares underlying the 4,611,375 options and 906,467 RSUs granted to him in accordance with the Share Award Scheme.

(2) Mr. Shen Difan beneficially held 969,675 ordinary shares and subject to vesting, is interested in 2,050,625 shares underlying 1,399,500 options and 651,125 RSUs granted to him in accordance with the Share Award Scheme.

(3) Mr. Tu Yanwu beneficially held 472,228 ordinary shares and subject to vesting, is interested in 888,975 shares underlying 495,500 options and 393,475 RSUs granted to him in accordance with the Share Award Scheme.

Based on a total of 13,521,362,542 shares of the Company in issue as at March 31, 2023.

Long positions in shares and underlying shares of Alibaba Holding, an associated corporation of the Company within the meaning of Part XV of the SFO.

Name of Director	Nature of interest	Number of shares/underlying shares Held*	Approximate percentage of issued shares of associated corporation
Mr. Zhu Shunyan	Beneficial owner, equity derivative interests and interests of spouse(1)	3,109,392	0.02%#
Mr. Li Faguang (resigned on May 15, 2023)	Beneficial owner and equity derivative interests(4)	187,680	0.00%#
Mr. Shen Difan	Beneficial owner, equity derivative interests and interests of spouse(3)	177,480	0.00%#
Mr. Tu Yanwu	Equity derivative interests(2)	12,400	0.00%#

Notes:

(1) These interests represented 2,211,416* ordinary shares or underlying ordinary shares and 92,247 restricted share units (representing 737,976 ordinary shares or underlying ordinary shares) beneficially held by Mr. Zhu Shunyan and 160,000 ordinary shares or underlying shares held by his spouse.

(2) These interests represented 28,376 ordinary shares or underlying ordinary shares and 19,913 restricted share units (representing 159,304 ordinary shares or underlying ordinary shares) beneficially held by Mr. Li Faguang.

(3) These interests represented 93,888 ordinary shares or underlying ordinary shares and 500 restricted share units (representing 4,000 ordinary shares or underlying ordinary shares) beneficially held by Mr. Shen Difan and 79,592 ordinary shares or underlying shares held by his spouse.

(4) These interests represented 1,550 restricted share units (representing 12,400 ordinary shares or underlying ordinary shares) beneficially held by Mr. Tu Yanwu.

* Alibaba Holding approved to effect a one-to-eight share subdivision of its ordinary shares (the "**Share Subdivision**") at the annual general meeting held on July 15, 2019. The Share Subdivision was effective on July 30, 2019. Accordingly, Alibaba Holding has changed its ratio of American depositary shares to ordinary shares from 1:1 to 1:8. The ratio of restricted share units to ordinary shares of Alibaba Holding has also changed from 1:1 to 1:8.

Based on a total of 20,680,409,344 ordinary shares of Alibaba Holding in issue as at March 31, 2023.

Save as disclosed above, as at March 31, 2023, none of the Directors and chief executive had registered an interest or short position in the shares and underlying shares of the Company or any of its associated corporations that was required to be recorded pursuant to section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

DIRECTORS' AND CONTROLLING SHAREHOLDERS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

Save as disclosed under the section headed "Connected Transactions" below and except for any perceived material interest in transactions between members of Alibaba Group and the Company due to their role as employees of Alibaba Holding or its subsidiaries as disclosed in the section headed "Biographical Information of Directors and Senior Management", no Director or controlling Shareholder had a material interest, either directly or indirectly, in any contract of significance (whether for the provision of services to the Company or any of its subsidiaries or not) to the business of the Group to which the Company, its holding company, or any of its subsidiaries or fellow subsidiaries was a party during the Reporting Period.

ARRANGEMENT TO ACQUIRE SHARES AND DEBENTURES

Save as disclosed under the section headed "Share Award Scheme" above, at no time during the Reporting Period was the Company or its subsidiaries a party to any arrangements to enable the Directors or chief executive of the Company or their spouses or children under the age of 18 to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS OR SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at March 31, 2023, the following interests or short positions in the shares and underlying shares of the Company were recorded in the register of interests required to be kept by the Company pursuant to section 336 of the SFO:

Long positions:

Name	Capacity and nature of interest	Number of shares/ underlying shares	% of the issued share capital of the Company
Alibaba Group Holding Limited	Interest of controlled corporation(1)	7,713,318,533	57.05%#
Perfect Advance Holding Limited	Beneficial owner(1)	3,103,816,661	22.95%#
Alibaba Investment Limited	Interest of controlled corporation(1)	3,103,816,661	22.95%#
	Beneficial owner(1)	48,716,465	0.36%#
Ali JK Nutritional Products Holding Limited	Beneficial owner(1)	4,560,785,407	33.73%#
Uni-Tech International Group Limited	Beneficial owner(2)	777,484,030	5.75%#
21CN Corporation	Interest of controlled corporation(2)	777,484,030	5.75%#
Pollon Internet Corporation	Interest of controlled corporation(2)	777,484,030	5.75%#
Ms. Chen Xiao Ying	Interest of controlled corporation(2)	777,484,030	5.75%#

Notes:

(1) Perfect Advance Holding Limited ("**Perfect Advance**") holds 3,103,816,661 shares of the Company. Perfect Advance is wholly-owned by Alibaba Investment Limited ("**AIL**"), which is in turn wholly-owned by Alibaba Holding. For the purpose of Part XV of the SFO, as Perfect Advance is interested in 3,103,816,661 shares of the Company, AIL is deemed to have an interest in 3,103,816,661 shares of the Company via Perfect Advance.

On May 20, 2022, Innovare Tech Limited ("**Innovare**") made a distribution in specie (the "**Distribution**") in respect of 641,090,678 shares of the Company to the limited partners of Yunfeng Fund II, L.P., the beneficial owner of all the voting equity capital in Innovare, based on their respective pro rata entitlements in Innovare. Upon the Distribution, Innovare ceased to have a notifiable interest of 5% or more of the voting shares of the Company within the meaning of the SFO. For details, please refer to the announcement of the Company dated May 20, 2022. As part of the Distribution, 48,716,465 shares of the Company were distributed to AIL. As such, AIL is interested in an aggregate of 3,152,533,126 shares of the Company.

Ali JK Nutritional Products Holding Limited ("**Ali JK**") holds 4,560,785,407 shares of the Company. Ali JK is wholly-owned by Alibaba Holding. Therefore, Alibaba Holding is deemed to have an interest in an aggregate of 7,713,318,533 shares of the Company via AIL, Perfect Advance and Ali JK within the meaning of Part XV of the SFO.

(2) Uni-Tech International Group Limited holds 777,484,030 shares and is wholly-owned by 21CN Corporation. 21CN Corporation is wholly-owned by Pollon Internet Corporation, which is wholly-owned by Ms. Chen Xiao Ying.

Based on a total of 13,521,362,542 shares of the Company in issue as at March 31, 2023.

Save as disclosed above, as at March 31, 2023, there were no other parties who had registered an interest or short position in the shares or underlying shares of the Company that was required to be recorded pursuant to section 336 of the SFO.

CONNECTED TRANSACTIONS

During the Reporting Period, the Group had the following connected and continuing connected transactions, details of which were disclosed in compliance with the requirements of Chapter 14A of the Listing Rules.

(a) Continuing Connected Transactions – Cloud Computing Services Framework Agreement

On March 30, 2022, Alibaba Health Technology (China) Co., Ltd^ (阿里健康科技(中國)有限公司) ("**Alibaba Health (China)**"), an indirect wholly-owned subsidiary of the Company (for itself and on behalf of its subsidiaries and affiliates), entered into the renewed cloud computing services framework agreement (the "**2023 Cloud Computing Services Framework Agreement**") with Alibaba Cloud Computing Ltd.^ (阿里雲計算有限公司) ("**Alibaba Cloud**") (for itself and on behalf of its subsidiaries and affiliates), pursuant to which Alibaba Cloud agreed to provide various cloud computing services and other related services (the "**Cloud Computing Services**") to the Group for a term of one year from April 1, 2022 to March 31, 2023. The annual cap for the service fees payable by Alibaba Health (China) to Alibaba Cloud under the 2023 Cloud Computing Services Framework Agreement was RMB170 million. The aggregate service fees incurred under the 2023 Cloud Computing Services Framework Agreement during the Reporting Period amounted to approximately RMB107.0 million (during the Corresponding Period: approximately RMB139.6 million).

On March 31, 2023, the same parties entered into the renewed cloud computing services framework agreement (the "**2024 Cloud Computing Services Framework Agreement**") in relation to the provision of the Cloud Computing Services by Alibaba Cloud to the Group for a term of one year from April 1, 2023 to March 31, 2024, with an annual cap of RMB160 million.

The 2023 Cloud Computing Services Framework Agreement and the 2024 Cloud Computing Services Framework Agreement allowed the Group to utilize the cloud computing services provided by Alibaba Cloud to ensure smooth operation of its systems and the stability of its various Internet healthcare solutions.

As at the date of the 2024 Cloud Computing Services Framework Agreement, Alibaba Holding was the ultimate shareholder of Perfect Advance and Ali JK, which were the substantial shareholders and connected persons of the Company, and held approximately 57.05% of the issued share capital of the Company via Perfect Advance, Alibaba Investment and Ali JK. As Alibaba Holding was the ultimate shareholder of Alibaba Cloud, Alibaba Cloud was an associate of Perfect Advance and Ali JK and hence a connected person of the Company. The transactions contemplated under the 2023 Cloud Computing Services Framework Agreement and the 2024 Cloud Computing Services Framework Agreement thus constitute continuing connected transactions of the Company in accordance with the Listing Rules.

(b) Continuing Connected Transactions – Outsourced Services Framework Agreement

On March 30, 2022, the Company (for itself and on behalf of its subsidiaries) entered into the renewed outsourced services framework agreement (the "**2023 Outsourced Services Framework Agreement**") with Taobao Holding Limited ("**Taobao Holding**", together with its subsidiaries and affiliates, "**Taobao Group Companies**") (for itself and on behalf of its subsidiaries and affiliates), pursuant to which the Group shall provide Taobao Group Companies with merchant-related outsourced and value-added services (the "**Outsourced Services**") in relation to certain categories of products or services offered on Tmall from time to time (as specified in the announcement of the Company dated March 30, 2022) for a term of one year from April 1, 2022 to March 31, 2023. The annual cap for the service fees payable to the Group during the term of the 2023 Outsourced Services Framework Agreement was RMB185 million and the aggregate service fees received by the Group under the 2023 Outsourced Services Framework Agreement during the Reporting Period amounted to approximately RMB105.9 million (during the Corresponding Period: RMB103.7 million).

On March 31, 2023, the same parties entered into the renewed outsourced services framework agreement (the "**2024 Outsourced Services Framework Agreement**") for a term of one year from April 1, 2023 to March 31, 2024, pursuant to which the Group shall provide Taobao Group Companies with the Outsourced Services to certain legal entities conducting sale of products or provision of services under certain categories of products or services offered on Tmall and Tmall Global from time to time (as specified in the announcement of the Company dated March 31, 2023). The annual cap for the service fees payable to the Group during the term of the 2024 Outsourced Services Framework Agreement was RMB200 million.

Since the Outsourced Services remain within the existing skill set of the Group given that it has been developing its own pharmaceutical e-commerce, Internet healthcare, and intelligent medicine businesses, the service fees received under the 2023 Outsourced Services Framework Agreement and the 2024 Outsourced Services Framework Agreement continue to be one of the steady growing sources of revenue for our Group.

As at the date of the 2024 Outsourced Services Framework Agreement, since Taobao Holding was a wholly-owned subsidiary of Alibaba Holding, the Taobao Group Companies were associates of Perfect Advance and Ali JK, and hence were connected persons of the Company. The transactions contemplated under the 2023 Outsourced Services Framework Agreement and the 2024 Outsourced Services Framework Agreement thus constitute continuing connected transactions of the Company in accordance with the Listing Rules.

(c) Continuing Connected Transactions – Platform Services Framework Agreement

On March 30, 2022, the Company (for itself and on behalf of its subsidiaries) entered into a renewed platform services framework agreement with Alibaba Holding (for itself and on behalf of its subsidiaries and affiliates) (the "**2023 Platform Services Framework Agreement**") for a term of one year from April 1, 2022 to March 31, 2023, pursuant to which Alibaba Holding agreed that Alibaba Holding and its subsidiaries and affiliates (the "**AGH Relevant Entities**") shall provide various platform services (the "**Platform Services**") to the Group for a service fee. The annual cap for the service fees payable by the Group for the year ended March 31, 2023 was RMB560 million and the aggregate service fees incurred under the 2023 Platform Services Framework Agreement during the Reporting Period amounted to approximately RMB267.0 million (during the Corresponding Period: RMB282.5 million).

On March 31, 2023, the Company (for itself and on behalf of its subsidiaries) and Taobao Holding (for itself and on behalf of its subsidiaries and affiliates) entered into the renewed platform services framework agreement (the "**2024 Platform Services Framework Agreement**"), in relation to the provision of the Platform Services from the AGH Relevant Entities to the Group, for a term of one year commencing on April 1, 2023 and ending on March 31, 2024, with an annual cap of RMB600 million.

The Company believes that by marketing and selling products or services on the online sales platforms operated by the AGH Relevant Entities under the 2023 Platform Services Framework Agreement and the 2024 Platform Services Framework Agreement, the Group will be able to reach out to more customers and improve its understanding of their needs to facilitate product circulation along the pharmaceutical and healthcare products retail chain to offer quality products and services at competitive prices.

As at the date of the 2024 Platform Services Framework Agreement, since Taobao Holding was a wholly-owned subsidiary of Alibaba Holding and Alibaba Holding controlled the AGH Relevant Entities, each of Taobao Holding and the members of the AGH Relevant Entities were associates of Perfect Advance and Ali JK and hence was a connected person of the Company. The transactions contemplated under the 2023 Platform Services Framework Agreement and the 2024 Platform Services Framework Agreement thus constitute continuing connected transactions of the Company in accordance with the Listing Rules.

DIRECTORS' REPORT

(d) Continuing Connected Transactions – Agency Agreement

On March 30, 2022, Hangzhou Alimama Software Services Co., Ltd.^ (杭州阿里媽媽軟件服務有限公司) ("**Alimama**") (for itself and on behalf of its subsidiaries and affiliates) and Alibaba Health (Hong Kong) Technology Company Limited (阿里健康(香港)科技有限公司) ("**Alibaba Health (HK)**") (for itself and on behalf of its subsidiaries) entered into the renewed agency agreement (the "**2023 Agency Agreement**") for a term of one year from April 1, 2022 to March 31, 2023. Pursuant to the 2023 Agency Agreement, Alibaba Health (HK) (for itself and on behalf of its subsidiaries) agreed to refer contracted clients of Alibaba Health (HK) and its subsidiaries (the "**Alibaba Health Group**") to purchase, and Alimama, its subsidiaries and its affiliates (together, the "**Advertising Parties**"), as the marketing services providers, agreed to provide to Alibaba Health Group's contracted clients, various marketing and advertising services on the marketing and branding platforms provided by the Advertising Parties (the "**Marketing Services**") during the term of the 2023 Agency Agreement. The annual cap for the incentive fees to be received by Alibaba Health Group under the 2023 Agency Agreement for the year ended March 31, 2023 was RMB25 million. The aggregate incentive fees received by Alibaba Health Group during the Reporting Period was nil (during the Corresponding Period: approximately RMB3.5 million).

On March 31, 2023, the same parties entered into the renewed agency agreement (the "**2024 Agency Agreement**") in relation to the provision of the Marketing Services from the Advertising Parties to the contracted clients of Alibaba Health Group, for a term of one year commencing from April 1, 2023 and ending on March 31, 2024, with an annual cap of RMB25 million.

By entering into the 2023 Agency Agreement and the 2024 Agency Agreement with Alimama, whereby the Advertising Parties operate well-established marketing platforms, the Group believes that more diversified options can be provided to the customers together with the Group's marketing resources. At the same time, collecting incentive fees from the Advertising Parties will provide additional income for the Group and will be beneficial to the long-term development of the Group.

As at the date of the 2024 Agency Agreement, as the Advertising Parties were members of Alibaba Group, each of the members of the Advertising Parties was an associate of Perfect Advance and Ali JK and hence a connected person of the Company. The transactions contemplated under the 2023 Agency Agreement and the 2024 Agency Agreement thus constitute continuing connected transactions of the Company in accordance with the Listing Rules.

(e) Continuing Connected Transactions – Logistics Services Framework Agreement

On March 30, 2022, the Company (for itself and on behalf of its subsidiaries) entered into the renewed logistics services framework agreement (the "**2023 Logistics Services Framework Agreement**") with Hangzhou Cainiao Supply Chain Management Co., Ltd.^ (杭州菜鳥供應鏈管理有限公司) ("**Hangzhou Cainiao**") (for itself and on behalf of its subsidiaries and affiliates), pursuant to which Hangzhou Cainiao and its subsidiaries and affiliates (together, the "**Cainiao Group**") agreed to provide various logistics services including but not limited to warehouse operation and storage services, domestic and international delivery services, customs registration and clearance services, standard and special packaging services, storage and delivery supply chain management services and related system software services and other value-added and logistics-related services (the "**Logistics Services**") to the Group for a service fee for a term of one year from April 1, 2022 to March 31, 2023. The annual cap for the service fees under the 2023 Logistics Services Framework Agreement was RMB450 million and the aggregate service fees incurred under the 2023 Logistics Services Framework Agreement during the Reporting Period amounted to approximately RMB225.2 million (during the Corresponding Period: approximately RMB301.2 million).

On March 31, 2023, the same parties entered into the renewed logistics services framework agreement (the "**2024 Logistics Services Framework Agreement**"), pursuant to which Hangzhou Cainiao agreed that Cainiao Group will provide the Logistics Services to the Group for a term of one year commencing from April 1, 2023 and ending on March 31, 2024 with an annual cap of RMB420 million.

As the Company has been selling pharmaceutical and healthcare products online, it requires efficient and reliable logistics services to enable its products to be safely and promptly delivered to its customers. Accordingly, the Company entered into the 2023 Logistics Services Framework Agreement and the 2024 Logistics Services Framework Agreement with Hangzhou Cainiao, to capitalize on the logistics data platform and global fulfilment network of Cainiao Group, and to provide efficient and reliable domestic and international one-stop-shop logistics services to the Group's customers for fulfilling their different logistics needs.

As at the date of the 2024 Logistics Services Framework Agreement, as Hangzhou Cainiao was an indirect non-wholly-owned subsidiary of Alibaba Holding, each of the members of the Cainiao Group was an associate of Perfect Advance and Ali JK, and hence a connected person of the Company. The transactions contemplated under the 2023 Logistics Services Framework Agreement and the 2024 Logistics Services Framework Agreement thus constitute continuing connected transactions of the Company in accordance with the Listing Rules.

(f) Continuing Connected Transactions – Shared Services Agreement

On March 30, 2022, the Company (for itself and on behalf of its subsidiaries) entered into the renewed shared services agreement (the "**2023 Shared Services Agreement**") with Alibaba Holding (for itself and on behalf of its subsidiaries and affiliates), pursuant to which Alibaba Holding shall procure certain shared service providers including Alibaba Holding, persons controlled by it and persons under the common control of Alibaba Holding, and any other persons designed by Alibaba Holding (the "**Alibaba Services Providers**"), to provide to the Group certain shared services (the "**Shared Services**"), including office premises sharing and various support services, and the Company shall procure certain service providers, including the Company and persons controlled by it and persons under common Control of the Company, and any other persons designated by the Company (the "**Alibaba Health Service Providers**"), to provide to Alibaba Group the Shared Services, namely human resources and personnel transfer related arrangements and reimbursements, for a term of one year from April 1, 2022 to March 31, 2023. The annual caps under the 2023 Shared Services Agreement was RMB500 million in relation to the Shared Services provided to the Group and RMB50 million in relation to the Shared Services provided to Alibaba Group.

The aggregate service fees incurred under the 2023 Shared Services Agreement during the Reporting Period was RMB246.7 million (during the Corresponding Period: RMB305.9 million) in relation to the Shared Services provided to the Group and nil (2022: nil) in relation to the Shared Services provided to Alibaba Group.

On March 31, 2023, the same parties entered into the renewed shared services agreement (the "**2024 Shared Services Agreement**"), pursuant to which the Alibaba Service Providers shall provide to the Group the Shared Services and supply products to the Group in support of the Group's business operations, and the Alibaba Health Service Providers shall provide to Alibaba Group the Shared Services, being human resources related services and supply products to Alibaba Group in support of Alibaba Group's business operations, for a term of one year commencing from April 1, 2023 and ending on March 31, 2024. The annual caps under the 2024 Shared Services Agreement was RMB549.5 million in relation to the Shared Services provided to the Group and RMB162 million in relation to the Shared Services provided to Alibaba Group.

The Company believes that the entering into of the 2023 Shared Services Agreement and the 2024 Shared Services Agreement will allow the Company to better leverage on the mature infrastructure and coverage already built by Alibaba Group and promote better cooperation between Alibaba Group and the Company.

As at the date of the 2024 Shared Services Agreement, as Alibaba Holding was a connected person of the Company, the transactions contemplated under the 2023 Shared Services Agreement and the 2024 Shared Services Agreement thus constitute continuing connected transactions of the Company in accordance with the Listing Rules.

(g) Continuing Connected Transactions – 2021-2023 Framework Technical Services Agreement

On March 27 2020, Zhejiang Tmall Technology Co., Ltd^ (浙江天貓技術有限公司) ("**Tmall Technology**") and Zhejiang Tmall Network Co., Ltd^ (浙江天貓網絡有限公司) ("**Tmall Network**", together with Tmall Technology, the "**Tmall Entities**") and Alibaba Health Technology (Hangzhou) Co., Ltd^ (阿里健康科技(杭州)有限公司) ("**Alibaba Health (Hangzhou)**") entered into the renewed framework technical services agreement (the "**2021-2023 Framework Technical Services Agreement**"). The term of the 2021-2023 Framework Technical Services Agreement commenced on April 1, 2020 and ended on March 31, 2023. Pursuant to the 2021-2023 Framework Technical Services Agreement, the Tmall Entities shall provide certain infrastructure technical support (the "**Blue Cap Technical Services**") for the operation of Tmall in respect of the Blue Cap Products (as defined in the announcement of the Company dated March 27, 2020) to Alibaba Health (Hangzhou) for a service fee. The annual cap for the service fees payable under the 2021-2023 Framework Technical Services Agreement was RMB100 million, RMB130 million and RMB170 million, for each of the financial years ended March 31, 2021, 2022 and 2023, respectively. The aggregate service fees incurred under the 2021-2023 Framework Technical Services Agreement during the Reporting Period amounted to approximately RMB74.2 million (during the Corresponding Period: approximately RMB69.7 million).

The Company considers the entering into of the 2021-2023 Framework Technical Services Agreement is necessary because the technical support and services from Tmall to the Company are crucial to allow the relevant merchants to operate on Tmall.

As at the date of the 2021-2023 Framework Technical Services Agreement, as the Tmall Entities were members of Alibaba Group, they were connected persons of the Company. The transactions contemplated under the 2021-2023 Framework Technical Services Agreement thus constitute continuing connected transactions of the Company in accordance with the Listing Rules.

(h) Continuing Connected Transactions – Framework Technical Services Agreement

On February 4, 2022, the Tmall Entities entered into the renewed framework technical services agreement (the "**2023 Framework Technical Services Agreement**") with Alibaba Health (Hangzhou) and Alibaba Health (Hainan), pursuant to which the Tmall Entities agreed to provide certain software technical services (the "**Software Technical Services**"), including but not limited to software technical services, and internet information services and secondary domain names, to Alibaba Health (Hangzhou) and Alibaba Health (Hainan) for a service fee for a term of one year from April 1, 2022 to March 31, 2023. The annual cap under the 2023 Framework Technical Services Agreement was RMB1,100 million, as approved by the independent Shareholders at the special general meeting held on March 28, 2022. The aggregate service fees incurred under the 2023 Framework Technical Services Agreement during the Reporting Period amounted to approximately RMB820.4 million (during the Corresponding Period: approximately RMB774.9 million).

On February 8, 2023, the same parties entered into the renewed framework technical services agreement (the "**2024 Framework Technical Services Agreement**"), pursuant to which the Tmall Entities agreed to provide the Software Technical Services, to Alibaba Health (Hangzhou) and Alibaba Health (Hainan) for a service fee for a term of one year commencing from April 1, 2023 and ending on March 31, 2024, with an annual cap of RMB1,400 million, as approved by the independent Shareholders at the special general meeting held on March 29, 2023.

The Company considers the entering into of the 2023 Framework Technical Services Agreement and the 2024 Framework Technical Services Agreement is necessary because the technical support and services from Tmall to the Company are crucial to allow the relevant merchants to operate on Tmall.

As at the date of the 2024 Framework Technical Services Agreement, as the Tmall Entities were members of Alibaba Group, they were connected persons of the Company. The transactions contemplated under the 2023 Framework Technical Services Agreement and the 2024 Framework Technical Services Agreement thus constitute continuing connected transactions of the Company, and were approved by the independent Shareholders at the special general meetings held on March 28, 2022 and March 29, 2023, respectively, in accordance with the Listing Rules.

(i) Continuing Connected Transactions – Taobao Framework Technical Services Agreement

Taobao Holding and the Company entered into a framework technical services agreement (the "**2020-2023 Taobao Framework Technical Services Agreement**") on February 6, 2020. The term of the 2020-2023 Taobao Framework Technical Services Agreement commenced on the day following completion of the Share Purchase Agreement and ended on March 31, 2023. Pursuant to the 2020-2023 Taobao Framework Technical Services Agreement, Taobao Holding and its subsidiaries agreed to provide infrastructure technical support for the operation of the platforms on Tmall and Tmall Global in respect of certain categories of products or services sold on these platforms (as specified in the announcement of the Company dated February 6, 2020) to the Company for a service fee. The annual cap for the service fees payable under the 2020-2023 Taobao Framework Technical Services Agreement was RMB262 million, RMB464 million and RMB799 million for each of the financial years ended March 31, 2021, 2022 and 2023, respectively, as approved by the independent Shareholders at the adjourned special general meeting held on April 9, 2020. The service fees incurred under the 2020-2023 Taobao Framework Technical Services Agreement during the Reporting Period amounted to approximately RMB320.8 million (during the Corresponding Period: approximately RMB259.8 million).

On March 31, 2023, the same parties entered into the renewed Taobao framework technical services agreement (the "**2024 Taobao Framework Technical Services Agreement**"), pursuant to which the Taobao Group Companies agreed to provide certain support services, including software technical support, internet information services and secondary domain names and other services for the operation of the platforms on Tmall and Tmall Global, for a term of one year commencing from April 1, 2023 and ending on March 31, 2024 with an annual cap of RMB620 million.

The Company considers the entering into of the 2020-2023 Taobao Framework Technical Services Agreement and the 2024 Taobao Framework Technical Services Agreement is necessary because the technical support and services from Taobao Holding and its subsidiaries to the Company are crucial to allow the relevant merchants to operate on the platforms of Tmall and Tmall Global.

As at the date of the 2024 Taobao Framework Technical Services Agreement, since Taobao Holding was a wholly-owned subsidiary of Alibaba Holding, Taobao Holding was an associate of Perfect Advance and Ali JK and hence a connected person of the Company and the transactions contemplated under the 2020-2023 Taobao Framework Technical Services Agreement and the 2024 Taobao Framework Technical Services Agreement thus constitute continuing connected transactions of the Company. Independent Shareholders approved, among other things, the 2020-2023 Taobao Framework Technical Services Agreement and the transactions contemplated thereunder at the adjourned special general meeting held on April 9, 2020 in accordance with the Listing Rules.

As the 2024 Taobao Framework Technical Services Agreement and the transactions contemplated under the 2024 Framework Technical Services Agreement took place within a 12-month period and the services provided under both of the agreements are of similar nature, the transactions under the 2024 Taobao Framework Technical Services Agreement and the 2024 Framework Technical Services Agreement shall be aggregated as a series of transactions pursuant to Rule 14A.81 of the Listing Rules. As disclosed in the circular of the Company dated March 14, 2023 and the announcement of the Company dated February 8, 2023, the 2024 Framework Technical Services Agreement is subject to the reporting, announcement, annual review and independent shareholders' approval requirements under Chapter 14A of the Listing Rules. Independent Shareholders' approval has been obtained for the transactions contemplated under the 2024 Framework Technical Services Agreement at the special general meetings held on March 29, 2023. As such, no independent Shareholders' approval has to be obtained in respect of the 2024 Taobao Framework Technical Services Agreement following the aforementioned aggregation.

(j) Continuing Connected Transactions – Payment Services Framework Agreement

On March 30, 2022, the Company (for itself and on behalf of its subsidiaries) entered into the renewed payment services framework agreement (the "**2023 Payment Services Framework Agreement**") with Alipay.com Co., Ltd.^ (支付寶(中國)網絡技術有限公司) ("**Alipay China**") (for itself and on behalf of its subsidiaries and affiliates) and Alipay Singapore E-Commerce Private Limited ("**Alipay Singapore**") (for itself and on behalf of its subsidiaries and affiliates), pursuant to which Alipay China and Alipay Singapore agreed to provide certain payment, settlement and other related services (the "**Payment Services**") to the Group for a service fee, for a term of one year from April 1, 2022 to March 31, 2023. The annual cap for the service fees payable under the 2023 Payment Services Framework Agreement was RMB137 million. The aggregate service fees incurred under the 2023 Payment Services Framework Agreement during the Reporting Period amounted to approximately RMB78.8 million (during the Corresponding Period: approximately RMB65.2 million).

On March 31, 2023, the same parties entered into the renewed payment services framework agreement (the "**2024 Payment Services Framework Agreement**"), pursuant to which Alipay China and Alipay Singapore agreed to provide the Payment Services to the Group, for a term of one year commencing from April 1, 2023 and ending on March 31, 2024 with an annual cap of RMB137 million.

As part of the Group's business, the Company has been marketing and selling products or services online as an online merchant which requires efficient and reliable payment services. By entering into the 2023 Payment Services Framework Agreement and the 2024 Payment Services Framework Agreement, the Group will be able to utilize the Payment Services provided by Alipay to enable safe and prompt real-time payment for its online transactions.

As at the date of the 2024 Payment Services Framework Agreement, since Ant Group Co., Ltd. (螞蟻科技集團股份有限公司) ("**Ant Group**") was indirectly held by Alibaba Holding as to more than 30% of its equity interest and both Alipay China and Alipay Singapore were wholly-owned subsidiaries of Ant Group, each of Ant Group, Alipay China and Alipay Singapore was an associate of Perfect Advance and Ali JK and thus a connected person of the Company.

Accordingly, the transactions contemplated under the 2023 Payment Services Framework Agreement and the 2024 Payment Services Framework Agreement constitute continuing connected transactions of the Company in accordance with the Listing Rules.

(k) Connected Transactions – Lease Agreement

On October 15, 2021, Alibaba Health Pharmaceutical Chain Co., Ltd.^ (阿里健康大藥房醫藥連鎖有限公司) ("**Alibaba Health Pharmaceutical Chain**") and Hangzhou Chuanfu Health Technology Co., Ltd.^ (杭州傳賦健康科技有限公司) ("**Hangzhou Chuanfu**") entered into the lease agreement (the "**Lease Agreement**"), pursuant to which Hangzhou Chuanfu agreed to let the production plant and ancillary facilities located at Alibaba Pharmaceutical Health Logistics Park, No. 3 Zhiqi Street, Tangxi Town, Linping District, Hangzhou, the PRC (the "**Premises**") to Alibaba Health Pharmaceutical Chain for a term of three years commenced from November 30, 2021 and ending on November 29, 2024. The total rent and property management fee payable per annum (inclusive of tax) during the term of the Lease Agreement shall be capped at RMB28.5 million, RMB29.7 million and RMB30.9 million, respectively. The total annual sum of the rent and property management fee payable by the Group under the Lease Agreement during the Reporting Period amounted to approximately RMB26.5 million (during the Corresponding Period: RMB2.3 million).

By entering into the Lease Agreement, the Group agreed to rent the Premises at market rates from Hangzhou Chuanfu to use the Premises as a warehouse to store pharmaceutical, medical device and various other health-related products with a view to further strengthen the Group's supply chain capabilities. As the consultation-to-sales conversion rate for the Group's pharmaceutical direct sales business continues to rise, the Group considers it necessary to expand its storage capacity so as to maintain the Group's service efficiency as well as to facilitate distribution and sales of the Group's direct sales products. This will also enable the Group to purchase more at a time from its suppliers, which will add to its bargaining power with its suppliers, thus reducing its procurement costs and enhancing its profitability.

As at the date of the Lease Agreement, since Hangzhou Chuanfu was an indirect wholly-owned subsidiary of Alibaba Holding, Hangzhou Chuanfu was an associate of Perfect Advance and Ali JK and hence a connected person of the Company and thus the transactions contemplated under the Lease Agreement constitute connected transactions of the Company in accordance with the Listing Rules.

(l) Continuing Connected Transactions – Supply and Purchase Framework Agreement

On March 30, 2022, the Company (for itself and on behalf of its subsidiaries) entered into the renewed supply and purchase framework agreement (the "**2023 Supply and Purchase Framework Agreement**") with Hangzhou Xinxuan E-Commerce Co., Ltd^ (杭州心選電子商務有限公司) (for itself and on behalf of its subsidiaries and affiliates) ("**Hangzhou Xinxuan**"), pursuant to which the Company has agreed that the Group shall supply and/or purchase various products to or from Alibaba Group on the platforms and stores operated by Alibaba Group from time to time and shall also provide other related services, including daily maintenance, inventory control, pricing, promotional activities and packaging (the "**Supply and Purchase of Products and Services**") in accordance with the standard agreements and terms and conditions as agreed by the parties from time to time, for a term of one year from April 1, 2022 to March 31, 2023. The annual cap under the 2023 Supply and Purchase Framework Agreement was RMB140 million (in relation to supply of products) and RMB9.5 million (in relation to purchase of products), respectively. The aggregate supplies incurred under the 2023 Supply and Purchase Framework Agreement during the Reporting Period amounted to approximately RMB23.2 million (during the Corresponding Period: RMB67.7 million). The aggregate purchases incurred under the 2023 Supply and Purchase Framework Agreement for the Reporting Period was nil (during the Corresponding Period: nil).

The Company believes that entering into the 2023 Supply and Purchase Framework Agreement allows the Group to procure products from and market and sell products on or through platforms, stores and distribution channels operated by Alibaba Group, which will be able to expand its product portfolio, broaden its customer base and the source of procurement and generate higher sales volume.

As at the date of the 2023 Supply and Purchase Framework Agreement, since Hangzhou Xinxuan was an indirect wholly-owned subsidiary of Alibaba Holding, Hangzhou Xinxuan was an associate of Perfect Advance and Ali JK and hence a connected person of the Company. The transactions contemplated under the 2023 Supply and Purchase Framework Agreement thus constitute continuing connected transactions of the Company in accordance with the Listing Rules.

(m) Continuing Connected Transactions – Advertising Services Framework Agreement

On February 4, 2022, the Company (for itself and on behalf of its subsidiaries) and Alibaba Holding (for itself and on behalf of its subsidiaries and affiliates) entered into the renewed advertising service framework agreement (the "**2023 Advertising Service Framework Agreement**") for a term of one year from April 1, 2022 to March 31, 2023, pursuant to which Alibaba Group agreed to provide certain advertising services, including but not limited to the display of advertisements on the various platforms supported by Alibaba Group (the "**Advertising Services**") for a service fee. The annual cap for the service fees payable under the 2023 Advertising Services Framework Agreement was RMB1,850 million, as approved by the independent Shareholders at the special general meeting held on March 28, 2022. The aggregate service fees incurred under the 2023 Advertising Service Framework Agreement during the Reporting Period amounted to approximately RMB1,046.2 million (during the Corresponding Period: approximately RMB824.2 million).

On February 8, 2023, the Company (for itself and on behalf of its subsidiaries) and Alimama (for itself and on behalf of its subsidiaries and affiliates) entered into the renewed advertising services framework agreement (the "**2024 Advertising Services Framework Agreement**") in relation to the provision of the Advertising Services provided by the Advertising Parties to the Group for a term of one year commencing from April 1, 2023 and ending on March 31, 2024, with an annual cap of RMB2,220 million, as approved by the independent Shareholders at the special general meeting held on March 29, 2023.

The Group believes that the advertising services and resources provided by Alibaba Group or the Advertising Parties (as the case may be) are effective marketing tools and will enable the Group to reach out to more customers and boost the sales of the Group's and its clients' products. Hence, the Group intends to allocate more resources in advertising services provided by the Advertising Parties going forward and considers that the entering into of the 2023 Advertising Services Framework Agreement and the 2024 Advertising Services Framework Agreement would facilitate the administration of the purchase of Advertising Services by the Group.

As at the date of the 2024 Advertising Services Framework Agreement, since Alimama was an indirect wholly-owned subsidiary of Alibaba Holding, and Alibaba Holding indirectly controlled the members of the Advertising Parties, each of the members of the Advertising Parties was an associate of Perfect Advance and Ali JK and hence was a connected person of the Company. The transactions contemplated under the 2023 Advertising Services Framework Agreement and the 2024 Advertising Services Framework Agreement thus constitute continuing connected transactions for the Company in accordance with the Listing Rules and were approved by the independent Shareholders at the special general meetings held on March 28, 2022 and March 29, 2023, respectively, in accordance with the Listing Rules.

(n) Continuing Connected Transactions – Software Services Framework Agreement

On March 30, 2022, the Company (for itself and on behalf of its subsidiaries and associates) entered into the software services framework agreement (the "**2023 Software Services Framework Agreement**") with Taobao Holding (for itself and on behalf of its subsidiaries and affiliates), pursuant to which the Group shall provide Taobao Group with certain software services including e-commerce platform maintenance related software services and ancillary support services (the "**Software Services**") for merchants selling products and/or offering services under certain software services categories on Tmall and Tmall Global for a term of one year from April 1 2022 to March 31, 2023. The annual cap for the service fees payable under the 2023 Software Services Framework Agreement was RMB96 million (which was later revised to RMB130 million pursuant to an announcement of the Company dated February 24, 2023). The aggregate service fees incurred under the 2023 Software Services Framework Agreement during the Reporting Period amounted to approximately RMB100.2 million (during the Corresponding Period: approximately RMB62.5 million).

On March 31, 2023, the same parties entered into the renewed software framework services agreement (the "**2024 Software Services Framework Agreement**"), pursuant to which the Group shall provide the Software Services to the Taobao Group Companies, for a term of one year commencing from April 1, 2023 and ending on March 31, 2024, with an annual cap of RMB140 million.

The Company believes that the entering into of the 2023 Software Services Framework Agreement and the 2024 Software Services Framework Agreement will allow the Group to generate revenue and to better optimize its resources as Alibaba Group's healthcare flagship platform, but also provides marketing opportunities for the Group to expand its product portfolio and broaden its customer base. This enables the Group to capture further market share in view of the rapid growth of the Company's pharmaceutical direct sales business.

As at the date of the 2024 Software Services Framework Agreement, since Taobao Holding was a wholly-owned subsidiary of Alibaba Holding, Taobao Holding was an associate of Perfect Advance and Ali JK and hence a connected person of the Company. The transactions contemplated under the 2023 Software Services Framework Agreement and the 2024 Software Services Framework Agreement thus constitute continuing connected transactions of the Company in accordance with the Listing Rules.

(o) Continuing Connected Transactions – Koubei Services Framework Agreement

On March 31, 2023, Hangzhou Lukang Health Technology Co., Ltd.^ (杭州鹿康健康科技有限公司) ("**Hangzhou Lukang**") (for itself and on behalf of its subsidiaries and affiliates) entered into a services framework agreement (the "**2024 Koubei Services Framework Agreement**") with Koubei (Shanghai) Information Technology Co., Ltd.^ (口碑(上海)信息技術有限公司) ("**Koubei Shanghai**") (for itself and on behalf of its subsidiaries and affiliates), pursuant to which Hangzhou Lukang agrees to provide Koubei Shanghai with operational or software services under certain categories of products and services on the platform which are operated by Koubei Shanghai, its associates and its subsidiaries from time to time, for a term of two years from April 1, 2023 to March 31, 2025, with annual caps of RMB30 million and RMB30 million for the years ending March 31, 2024 and 2025, respectively.

By entering into the 2024 Koubei Services Framework Agreement, the Group will be able to enhance user experience and improve the operational capabilities of the relevant merchants, and deliver quality services to these merchants under wider applications. It is also expected that the Group will be able to capitalise on market opportunities in relation to the rising demand of healthcare and pharmaceutical industries in the PRC and further expand its market share in these industries.

As at the date of the 2024 Koubei Services Framework Agreement, since Koubei Shanghai was an indirect non-wholly-owned subsidiary of Alibaba Holding, Koubei Shanghai was an associate of Perfect Advance and Ali JK and hence a connected person of the Company. The transactions contemplated under the 2024 Koubei Services Framework Agreement thus constitute continuing connected transactions of the Company in accordance with the Listing Rules.

The Group has imposed internal control procedures to ensure that the continuing connected transactions are conducted in accordance with the pricing policies or mechanism under the relevant framework agreements. A specialized internal audit function carried out independent appraisal of the adequacy and effectiveness of the internal control procedures and reviewed all the connected transactions. Any findings by the internal audit function have been provided to the Directors to assist them in performing the annual review of the continuing connected transactions. The independent non-executive Directors have reviewed the above continuing connected transactions and have confirmed that such continuing connected transactions were entered into (i) in the ordinary and usual course of business of the Group; (ii) on normal commercial terms or better; and (iii) in accordance with the relevant agreements governing them on terms that are fair and reasonable and in the interests of the Shareholders as a whole.

(p) Continuing Connected Transactions – Contractual Arrangements

Overview

The business of the Group involves the provision of commercial Internet information services (the "**Restricted Businesses**"), which in turn requires certain members of the Group to hold value-added telecommunication business licenses (the "**ICP Licenses**") for the provision of such services. As the applicable PRC laws and regulations in force restrict foreign investment in the Restricted Businesses, the Group adopted a series of contractual arrangements with respect to two subsidiaries of the Company, namely, Hongyun Jiukang Data Technology (Beijing) Co., Ltd.^ (弘雲久康數據技術(北京)有限公司) ("**Hongyun Jiukang**") and Alibaba Health Hebei Information Technology Co., Ltd.^ (阿里健康河北信息技術有限公司) ("**Alibaba Health Hebei**", together with Hongyun Jiukang, the "**Opcos**"), which have enabled the Group, through its wholly-owned subsidiary, Alibaba Health Technology (China) Co., Ltd^ (阿里健康科技(中國)有限公司) (the "**WFOE**"), to obtain effective control over, and receive all the economic benefits generated by, the businesses operated by the Opcos, and the Opcos in turn hold the ICP Licenses and operate the Restricted Businesses.

Prior to the VIE Restructuring (as defined below), the contractual arrangements were entered into among the WFOE, each of the Opcos and the two individual registered owners of the Opcos (the "**Ex-Registered Owners**") (the "**Previous Contractual Arrangements**").

As part of Alibaba Holding's strategy in enhancing the variable interest entities (the "**VIEs**") structure, on April 25, 2020, each of the two Ex-Registered Owners under the Previous Contractual Arrangements entered into equity transfer agreements with Beijing Jiukangbao Technology Co., Ltd.^ (北京久康寶科技有限公司) ("**Beijing Jiukangbao**"), pursuant to which each of the two Ex-Registered Owners agreed to transfer 50% and 50% of the equity interests in each of the Opcos, respectively, to Beijing Jiukangbao (the "**VIE Restructuring**"). On the same day, each of the Opcos became owned as to 100% by Beijing Jiukangbao. Beijing Jiukangbao is wholly-owned by Hangzhou Baoxuan Investment Management Co., Ltd.^ (杭州寶軒投資管理有限公司), a company established in the PRC with limited liability (the "**PRC Investco**"), which is held as to each 50% by two limited partnerships established in the PRC (the "**PRC LPs**"), both of which were ultimately owned by a company established in the PRC with limited liability serving as a general partner of the PRC LPs (the "**PRC GP**") and five selected members of the Alibaba Partnership or Alibaba Holding's management who are PRC citizens (the "**Five Individuals**").

On the same day, the Group entered into a series of contractual arrangements (the "**Contractual Arrangements**") with the Opcos and Beijing Jiukangbao (as the newly registered owner of Opcos) (the "**Registered Owner**"). The Contractual Arrangements contain substantially the same terms as the Previous Contractual Arrangements and enable the Group to continue, through the WFOE, to maintain effective control over, and receive all the economic benefits generated by, the businesses operated by the Opcos, which in turn hold the ICP Licenses and operate the Restricted Businesses through itself and its Subsidiaries. Further details in relation to the terms of the Structured Contracts (as defined below) and Contractual Arrangements are set out below. Through the Structured Contracts and the Contractual Arrangements, the results of operations, assets and liabilities, and cash flows of the Opcos were consolidated into the Company's financial statements, and the Opcos were regarded as indirect subsidiaries of the Group under HKFRS 10 during the year ended March 31, 2023.

Particulars of Opcos and their respective Registered Owner

As at March 31, 2023, the particulars of the Opcos and their respective Registered Owner are as follows:

Name of Opco	Registered owner	Registered capital	Principal activities
Hongyun Jiukang	100% by Beijing Jiukangbao	RMB40,000,000	Provision of Internet information services and investment holding
Alibaba Health Hebei	100% by Beijing Jiukangbao	RMB10,000,000	Provision of Internet information services and investment holding

The following table sets forth the principal subsidiaries of Hongyun Jiukang as at March 31, 2023. Alibaba Health Hebei did not have any subsidiary as at March 31, 2023.

Name of principal subsidiary	Holding company	Ownership	Principal activities
Alibaba Health (Hainan) Internet Hospital Co., Ltd.^ (阿里健康(海南)互聯網醫院有限公司)	Hongyun Jiukang	100%	Network hospital services
Alibaba Health (Hainan) Remote Medical Centre Co., Ltd.^ (阿里健康(海南)遠程醫療中心有限公司)	Hongyun Jiukang	100%	Provision of medical services
Hangzhou Hongyun Kangsheng Equity Investment Co., Ltd.^ (杭州弘雲康晟股權投資有限公司)	Hongyun Jiukang	100%	Investment holding and asset management
Alibaba Health Technology (Guangzhou) Co., Ltd.^ (阿里健康科技(廣州)有限公司)	Hongyun Jiukang	100%	Provision of Internet information services
Guangzhou Alibaba Health Medical Technology Co., Ltd.^ 廣州市阿里健康醫療科技有限公司 (formerly known as Alibaba Health Network Hospital Co., Ltd.^ (阿里健康網絡醫院有限公司))	Hongyun Jiukang	100%	Provision of Internet information services
Chongqing Bianque Health Data Technology Co., Ltd^ (重慶扁鵲健康數據技術有限公司)	Hongyun Jiukang	100%	Healthcare related technical services
Alibaba Health Technology (Beijing) Company Limited^ (阿里健康科技(北京)有限公司)	Hongyun Jiukang	100%	Provision of Internet information services

Name of principal subsidiary	Holding company	Ownership	Principal activities
Jiubaoxing Technology (Hainan) Co., Ltd.^ (久寶星科技(海南)有限公司)	Hongyun Jiukang	100%	Provision of e-commerce sales services
Hangzhou Kangtao Information Technology Co., Ltd.^ (杭州康淘信息技術有限公司)	Hongyun Jiukang	100%	Provision of Internet information services
Beijing Zichen Zhengyang Technology Co., Ltd.^ (北京紫宸正陽科技有限公司)	Hongyun Jiukang	100%	Provision of Internet information services

Summary of the major terms of the Contractual Arrangements

As at March 31, 2023, there were two sets of ongoing Contractual Arrangements in place:

(i) in respect of Hongyun Jiukang, a series of exclusive service agreement, loan agreement, equity interest pledge agreement, powers of attorney on shareholders' voting rights and exclusive option agreement (the "**Structured Contracts**") were entered into among the WFOE (as the Company's subsidiary), Hongyun Jiukang (as the Opco), and Beijing Jiukangbao (as the Registered Owner); and

(ii) in respect of Alibaba Health Hebei, the Structured Contracts were entered into among the WFOE (as the Company's subsidiary), Alibaba Health Hebei (as the Opco), and Beijing Jiukangbao (as the Registered Owner).

Each of the above sets of Contractual Arrangements includes substantially similar terms, and such terms are substantially consistent with the Previous Contractual Arrangements without substantive variation, and a brief summary of the major terms are set out below:

(1) Exclusive Service Agreements (獨家服務協議)

Pursuant to the exclusive service agreements (the "**Exclusive Service Agreements**"), the relevant Opco agreed to engage the WFOE as its exclusive provider of technical support and consultancy services (the "**Technical Services**") in connection with the relevant Opco's business (to the extent permitted under the applicable PRC laws) in exchange for service fees. The service fees are fixed with reference to the actual content and commercial value of the Technical Services and the WFOE may, subject to mutual agreement, adjust the amount of service fees. Unless otherwise prescribed under the PRC laws and regulations and subject to limitations under the Exclusive Service Agreements, the WFOE shall have exclusive proprietary rights to any intellectual property (including but not limited to copyright, patent, technical secret and trade secret) in the work product developed by the WFOE or the relevant Opco in the course of the provision of services under the relevant Exclusive Service Agreement. Each of the Exclusive Service Agreements has a term of 20 years and will be automatically renewed for consecutive terms of one year upon expiry unless otherwise notified by the WFOE. The relevant Exclusive Service Agreement shall be terminated prior to expiration in the event that the business period of either the WFOE or the relevant Opco expires.

(2) Loan Agreements (借款協議)

Pursuant to the loan agreements (the "**Loan Agreements**"), the WFOE agreed to provide any interest-free loans to the relevant Registered Owner as capital contribution to the relevant Opco only and may not use such loans for other purposes without the consent of the WFOE. The Registered Owner, in return for the provision of loans, agreed to enter into an Equity Interest Pledge Agreement (as defined below) with the WFOE to pledge all of its equity interests in the relevant Opco as security. The term of each loan under the relevant Loan Agreement is 20 years from the effective date, or for a period until expiration of the business period of the WFOE or the relevant Opco, whichever is earlier. The Registered Owner shall repay the loan upon expiration of the term or any earlier time as may be determined by the WFOE at its absolute discretion. In such circumstances, unless otherwise prohibited by the applicable laws and regulations, the WFOE or its designee is entitled to acquire all equity interest held by the relevant Registered Owner in the relevant Opco for a consideration equal to the loan amount. The Registered Owner shall waive any pre-emptive rights upon transfer of equity interest in the relevant Opco to the WFOE. Any tax arising from the loan shall be borne by the Registered Owner and the WFOE in accordance with applicable PRC laws.

(3) Equity Interest Pledge Agreements (股權質押協議)

Pursuant to the equity interest pledge agreements (the "**Equity Interest Pledge Agreements**"), the Registered Owner agreed to pledge all their respective equity interests in the relevant Opco to the WFOE, as a security interest to guarantee the performance of contractual obligations and the payment of outstanding loans of the Registered Owner. Unless due to the intentional misconduct or gross negligence of the WFOE, the WFOE shall not be liable for any decrease in value of the pledged interests, and the Registered Owner shall not have any right to claim against the WFOE as a result of such decrease in value. However, in the event that the decrease in value of the pledged interests may jeopardize rights of the WFOE, or upon occurrence of default, the WFOE may auction or sell the pledged interests for and on behalf of the Registered Owner and allocate the money received for loan prepayment or deposit such money to the WFOE's local notary office. The pledge in respect of an Opco takes effect upon the completion of registration with the competent authority and shall remain valid until all the contractual obligations of the Registered Owner and the relevant Opco under the relevant set of Contractual Arrangements have been fully performed and that all outstanding loans have been fully repaid. During the period of the pledge, without the prior written consent of the WFOE, the Registered Owner shall not create or agree to create any new pledge or other security on the equity interests of the relevant Opco, nor assign or transfer any of the equity interests in the relevant Opco.

(4) Powers of Attorney on Shareholders' Voting Rights (股東表決權委託協議)

Pursuant to the powers of attorney on shareholders' voting rights (the "**Powers of Attorney on Shareholders' Voting Rights**"), the Registered Owner irrevocably appointed designee(s) of the WFOE, who are PRC nationals, to act as its attorney on its behalf to exercise all rights in connection with matters concerning its right as shareholder of the relevant Opco, including but not limited to: (i) attending the shareholders' meeting of the relevant Opco as representative of the relevant Registered Owner; (ii) exercising shareholders' voting rights on resolutions at shareholders' meeting, including but not limited to, the designation and appointment of directors and other senior management that has to be appointed by the shareholders; (iii) other matters decided or executed by the shareholders pursuant to the relevant constitutional documents; and (iv) signing relevant documents when the relevant Registered Owner sell or transfer all or part of its equity interests pursuant to the Exclusive Option Agreements (as defined below). The Powers of Attorney on Shareholders' Voting Rights shall remain effective for 20 years and will be automatically renewed for consecutive terms of one year upon expiry unless otherwise notified by the WFOE. The Powers of Attorney on Shareholders' Voting Rights shall be terminated prior to expiration in the event that the business period of either the WFOE or the relevant Opco expires.

(5) Exclusive Option Agreements (獨家購買權協議)

Pursuant to the exclusive option agreements (the "**Exclusive Option Agreements**"), the Registered Owner agreed to irrevocably, unconditionally and exclusively grant an exclusive option to the WFOE so that the WFOE may elect to purchase, when permitted by the then applicable PRC laws, all or any part of the equity interests from the Registered Owner and/or all or any of the assets in the relevant Opco by themselves or through their designee(s). In the event that any of the options is exercised by the WFOE, the transfer price of the relevant equity interests and assets shall correspond to the registered capital amount and the net asset value, respectively, or the legal minimum price under the then applicable PRC laws (as the case may be). Subject to the applicable PRC laws, the Registered Owner shall transfer all the consideration it receives in relation to such transfer of equity interests and assets in the relevant Opco (or any proceeds resulting from the dissolution or winding up of the relevant Opco or any dividends or distributions received in the capacity of a Registered Owner) to the WFOE or its designee, after deduction of applicable taxes and government fees. Pursuant to the Exclusive Option Agreements, without the prior written consent of the WFOE, the Registered Owner shall not sell, transfer, mortgage or dispose of in any manner any assets of the relevant Opco (except in the ordinary course of business) or legal or beneficial interest in the business or revenues of the relevant Opco, allow the creation of any security interest thereon, or allow the alteration of the registered capital of the relevant Opco or merger of the relevant Opco with any other entity. The Exclusive Option Agreements shall remain effective from the execution date and terminate when all the equity interests and assets of the relevant Opco have been legally transferred to the WFOE or its designee in accordance with the terms of the relevant Exclusive Option Agreement.

Revenue and assets subject to the Contractual Arrangements

During the Reporting Period, the Group expanded the scale of investments and business operated under the Opcos, and revenues generated from and assets held through the Opcos had begun to form a material portion of the Group's total revenue and assets. The following table sets forth (i) revenue and (ii) assets involved in the Opcos which are consolidated into the Group's financial statements pursuant to the Contractual Arrangements:

	For the year ended March 31, 2023	
	Revenue	**Assets**
		(proportionate
	(RMB'000)	***% to the Group)***
Hongyun Jiukang	638,275	1,718,202
	2.38%	8.28%
Alibaba Health Hebei	–	119,924
	0%	0.58%

Reasons for using the Contractual Arrangements

As disclosed above, as the applicable PRC laws and regulations as detailed below in force restrict foreign investment in the Restricted Businesses and the operation of ICPs which are fundamental to the Group's business, the Group participates in the Restricted Businesses through the Contractual Arrangements.

According to the Regulations for the Administration of Foreign-Invested Telecommunications Enterprises (the "**FITE Regulations**"), the proportion of foreign equity ownership in the entity that provides commercial Internet information services shall not exceed 50%. Due to such legal restriction on foreign ownership and investment in the Restricted Businesses which include the operation of ICPs, the Company, decided that, in line with common practice in industries in the PRC subject to foreign investment restrictions, the Company would obtain effective control over, and receive all the economic benefits generated by, the businesses operated by the Opcos through the Contractual Arrangements. In the opinion of the Company's PRC legal advisers, the Contractual Arrangements do not violate applicable PRC laws and regulations.

Risks associated with the Contractual Arrangements and the actions taken by the Group to mitigate the risks

The Company's PRC legal advisers had advised us that while the Contractual Arrangements do not violate the applicable PRC laws and regulations, there are uncertainties regarding the interpretation and application of the applicable PRC laws, rules, and regulations. As such, the Group believes the following risks are associated with the Contractual Arrangements:

(i) If the PRC government finds that the Contractual Arrangements that allow us to consolidate the results of operations, assets and liabilities, and cash flows of the Opcos which operate the Restricted Businesses do not comply with applicable PRC laws and regulations, we could be subject to penalties and our business may be materially and adversely affected;

(ii) Certain terms of the Contractual Arrangements may not be enforceable under the PRC laws;

(iii) The Contractual Arrangements may not be as effective in providing control over the Opcos as equity ownership;

(iv) Any failure by the Opcos or the Registered Owner to perform their obligations under the Contractual Arrangements would potentially lead to us having to incur additional costs and expend material resources to enforce such arrangements, and/or temporary or permanent loss of control over the Restricted Businesses and the revenue from these businesses;

(v) The Registered Owner may have potential conflicts of interest with the Group, which may materially and adversely affect our business and financial condition;

(vi) The Contractual Arrangements may be subject to scrutiny by the PRC tax authorities and they may determine that the Company or the Opcos owe(s) additional taxes, which could negatively affect the Group's financial condition and the value of the Shareholders' investment;

(vii) If any of the WFOE or the Opcos becomes the subject of a bankruptcy or liquidation proceeding, we may lose the ability to use and enjoy certain important assets, which could materially and adversely affect our business;

(viii) The Company's exercise of the option to acquire the equity interests of the Opcos may be subject to certain limitations and the ownership transfer may incur substantial costs;

(ix) The Company does not have any insurance which covers the risks relating to the Contractual Arrangements and the transactions contemplated thereunder; and

(x) The Group's current corporate structure and business operations may be affected by the Foreign Investment Law.

The Group has adopted the following measures to ensure the effective internal control and operation of the Group with the implementation of the Contractual Arrangements and the compliance with the Contractual Arrangements:

(i) major issues arising from the implementation and compliance with the Contractual Arrangements or any regulatory enquiries from government authorities will be submitted to the Board, if necessary, for review and discussion on an occurrence basis;

(ii) the Board will review the overall performance of and compliance with the Contractual Arrangements at least once a year;

(iii) the Company will disclose the overall performance of and compliance with the Contractual Arrangements in its annual reports; and

(iv) the Company will engage external legal advisers or other professional advisers, if necessary, to assist the Board to review the implementation of the Contractual Arrangements, review the legal compliance of the WFOE and the Opcos to deal with specific issues or matters arising from the Contractual Arrangements.

Material changes in the foreign ownership restriction requirements

The Contractual Arrangements have been put in place purely to allow the Group to comply with the foreign ownership restrictions under FITE Regulations. Save as disclosed, during the Reporting Period, there was no other material change in the Contractual Arrangements and/or the circumstances under which they were adopted, and none of the Contractual Arrangements had been unwound as the regulatory restrictions that led to their adoptions were not removed.

Listing Rules implications

Upon a recent review by Alibaba Group of its overall VIE profile, the Company was informed that there was an additional layer of contractual arrangements among the Five Individuals, the PRC GP, the PRC LPs and a wholly-owned subsidiary of Alibaba Group, pursuant to which Alibaba Holding obtains effective control over, and receives all the economic benefits of Beijing Jiukangbao (the "**Additional VIE Arrangement**"). Accordingly, Beijing Jiukangbao is consolidated into the financial statements of Alibaba Group under the Additional VIE Arrangement for accounting treatment purposes.

As such, Beijing Jiukangbao, being an associate of Alibaba Holding (which in turn is the ultimate controlling shareholder and a connected person of the Company), was or is, as the case may be, a connected person of the Company as at the date when the Contractual Arrangements were entered into and as at the date of this report. Therefore, the continuing transactions under the Contractual Arrangements constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

The Directors (including the independent non-executive Directors) are of the view that it is inappropriate for the Company to (i) set an annual cap for the transactions under the Contractual Arrangements under Rule 14A.53 of the Listing Rules; or (ii) limit the term of the Contractual Arrangements to three years or less under Rule 14A.52 of the Listing Rules on the following grounds:

(i) the Previous Contractual Arrangements has been in place since in or around mid-2016 and the Contractual Arrangements have terms substantially consistent with those of the Previous Contractual Arrangements, and all necessary factual information about the Contractual Arrangements have been disclosed in the annual reports;

(ii) the Contractual Arrangements and the transactions contemplated thereunder are fundamental to the Group's legal structure and business operations as the adoption of the Contractual Arrangements enables the Group to continue, through the WFOE, to maintain effective control over, and receive all the economic benefits generated by, the businesses operated by the Opcos, which in turn hold the ICP Licenses and operate the Restricted Businesses;

(iii) the Contractual Arrangements are for fixed terms and for a fixed period, and are entered into for the benefit of the Group, and unlike typical connected transactions, since the Registered Owner acts as shareholder of the Opcos to facilitate the arrangements whereby economic benefits from the Opcos are transferred to the Company, there is no concern of leakage of economic benefits to connected persons to the detriment of minority shareholders of the Company under the Contractual Arrangements;

(iv) the Directors (including the independent non-executive Directors), consider that the Contractual Arrangements are on normal commercial terms or on terms more favourable to the Group, in the ordinary and usual course of business of the Group and are fair and reasonable or to the advantage of the Group, and are in the interests of the Company and the Shareholders as a whole; and

(v) the Company believes that it will not be in the interests of the Company and the Shareholders to set any annual cap on the amounts of fees payable to the Company under the Contractual Arrangements.

Pursuant to Rule 14A.52 of the Listing Rules, the Group has obtained the opinion from an independent financial adviser, pursuant to which the independent financial adviser considers that in relation to the Contractual Arrangements, (i) the continuing connected transactions in respect of the Contractual Arrangements have been entered into in the Group's ordinary and usual course of business on normal commercial terms, on terms that are fair and reasonable, and in the interest of the Company and the Shareholders as a whole; (ii) a term of longer than three years is required for the Contractual Arrangements; and (iii) it is normal business practice for the Contractual Arrangements to be of such duration exceeding three years. For details, please refer to the announcement of the Company dated June 30, 2023.

Based on the above, the Contractual Arrangements shall continue to be in place for so long as the shares of the Company are listed on the Stock Exchange subject to the following internal measures to safeguard the Contractual Arrangements:

(i) no change without independent non-executive Directors' approval;

(ii) no change without independent Shareholders' approval;

(iii) the Contractual Arrangements shall continue to enable our Group to receive the economic benefits derived by the Opcos; and

(iv) the Group will disclose details relating to the Contractual Arrangements on an ongoing basis.

Confirmation from the independent non-executive Directors

The independent non-executive Directors have reviewed the Contractual Arrangements and confirmed that:

(i) the transactions carried out during the Reporting Period have been entered into in accordance with the relevant provisions of the Contractual Arrangements;

(ii) no dividends or other distributions have been made by the Opcos to Beijing Jiukangbao which are not otherwise subsequently assigned or transferred to the Group during the Reporting Period; and

(iii) any contracts entered into between the Group and the Opcos during Reporting Period are fair and reasonable, or advantageous to the Shareholders, so far as the Group is concerned and in the interests of the Company and the Shareholders as a whole.

Ernst & Young, the Company's auditor, was engaged to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) Assurance Engagements Other Than Audits or Reviews of Historical Financial Information and with reference to Practice Note 740 (Revised) Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules issued by the Hong Kong Institute of Certified Public Accountants. The Company's auditor has confirmed in a letter to the Board that, with respect to the aforesaid continuing connected transactions entered into in the year ended March 31, 2023:

(i) nothing has come to the auditor's attention that causes it to believe that the disclosed continuing connected transactions have not been approved by the Board;

(ii) for transactions involving the provision of goods or services by the Group, nothing has come to the auditor's attention that causes it to believe that the transactions were not, in all material respects, in accordance with the pricing policies of the Group;

DIRECTORS' REPORT

(iii) nothing has come to the auditor's attention that causes it to believe that the transactions were not entered into, in all material respects, in accordance with the relevant agreements governing such transactions;

(iv) with respect to the disclosed continuing connected transactions with the Registered Owner and the Opcos under the Contractual Arrangements, nothing has come to the auditor's attention that causes it to believe that dividends or other distributions have been made by the Opcos to the holders of the equity interests of the Opcos which are not otherwise subsequently assigned or transferred to the Group; and

(v) with respect to the aggregate amount of each of the continuing connected transactions (other than the transactions under the Contractual Arrangements), nothing has come to the auditor's attention that causes it to believe that the disclosed continuing connected transactions have exceeded the annual cap as set by the Company.

A copy of the auditor's letter has been provided by the Company to the Stock Exchange.

RELATED PARTY TRANSACTIONS

During the year, save as disclosed in note 33 to the consolidated financial statements, the Group had no material transactions with its related parties.

The Directors have conducted review of such related party transactions of the Group during the Reporting Period. In respect of the related party transactions which also constitute connected transactions or continuing connected transaction as defined in Chapter 14A of the Listing Rules, and the Company has complied with the relevant connected transaction requirements under Chapter 14A of the Listing Rules in respect of those connected transactions or continuing connected transactions. The Directors were not aware of any transactions requiring disclosure of connected transactions in accordance with the Listing Rules except for those disclosed in this report.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the Reporting Period.

PERMITTED INDEMNITY PROVISION

A permitted indemnity provision for the benefit of the Directors is currently in force and was in force throughout the Reporting Period. The Company has taken out and maintained appropriate insurance coverage in respect of potential legal actions against the Directors and officers of the Company.

DIRECTORS' INTERESTS IN A COMPETING BUSINESS

During the Reporting Period and up to the date of this report, none of the Directors is considered to have interests in a business which competes or is likely to compete, either directly or indirectly, with the business of the Group and has any other conflicts of interest, as required to be disclosed under the Listing Rules.

TAX RELIEF

The Company is not aware of any relief on taxation available to the Shareholders by reason of their holdings of the Shares. If the Shareholders are unsure about the taxation implications of purchasing, holding, disposing of, dealing in, or exercising of any rights in relation to the Shares, they are advised to consult their professional advisers.

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and to the knowledge of the Directors, at least 25% of the Company's total issued share capital was held by the public as at the date of this report.

AUDITOR

There have been no changes in the auditors of the Company in any of the preceding three years. A resolution for the reappointment of Ernst & Young as auditor of the Company will be proposed at the forthcoming annual general meeting.

On behalf of the Board

Zhu Shunyan
Chairman and Chief Executive Officer

Hong Kong
May 23, 2023

^ *For identification purpose only*

BIOGRAPHICAL INFORMATION OF DIRECTORS AND SENIOR MANAGEMENT

EXECUTIVE DIRECTORS

Mr. Zhu Shunyan, aged 52, was appointed as an executive Director, Chairman of the Board and Chief Executive Officer of the Company on March 16, 2020. Mr. Zhu is a partner of the Alibaba Partnership and the President of the Innovation Initiatives Segment of the ultimate controlling shareholder of the Company, Alibaba Holding (with its American depositary shares, each representing eight ordinary shares, listed on the New York Stock Exchange (Stock Symbol: BABA), and its ordinary shares listed on the Main Board of the Stock Exchange (Stock Code: 9988)). He was a director of Meinian Onehealth Healthcare Holdings Co., Ltd.^ (美年大健康產業控股股份有限公司), a company listed on the Shenzhen Stock Exchange (Stock Code: 2044) from May 2020 to October 2021. Prior to joining Alibaba Group, Mr. Zhu founded Wuhan Xuncai Technology Co., Ltd.^ (武漢迅彩科技公司) in 2003. He joined the founding team of UC Browser in 2007 as senior vice president, and was responsible for the marketing and commercialization of UC Browser. The business of UC Browser was acquired by Alibaba Group in June 2014. Subsequently, Mr. Zhu had served as (i) the president of Alimama Business Group, a leading big data marketing platform in the PRC operated by Alibaba Group; (ii) the president of UC Browser; (iii) the president of New Media Businesses of Alibaba Digital Media & Entertainment Business Group, responsible for the business departments of UC Browser, Alibaba Music and Innovation Business; and (iv) the president of the Intelligent Information Business Group. Mr. Zhu obtained a Bachelor of Science Degree in Mathematics in 1993 from Yanshan University in the PRC. He obtained a Master Degree in Computing Software in 1996 from Huazhong University of Science and Technology in the PRC.

Mr. Shen Difan, aged 44, was appointed as an executive Director on October 13, 2021. He is currently the chief operating officer of the Company. He has been a special assistant to the chairman of the board of directors of Alibaba Holding since March 2020. Mr. Shen was an executive Director and chief executive officer of the Company from March 2018 to March 2020. Prior to the previous term with the Company, he was the general manager of Alibaba Group's AliExpress business from March 2012, leading the rapid expansion of AliExpress and growing Alibaba Group's overseas brand influence. Mr. Shen had held various positions in Alibaba Group since he joined in 2004, including in relation to B2B product operations, and in the security department and advertising product department. Mr. Shen holds a Bachelor Degree in Computing from Yantai University. Mr. Shen also acts as a consultant to Alibaba Group.

Mr. Tu Yanwu, aged 45, was appointed as an executive director on October 23, 2020. He has been the chief financial officer of the Company since April 2020, and is responsible for the overall financial management and the formulation and implementation of the Group's strategies. Prior to that, Mr. Tu was a senior finance director of the Group from September 2019 to March 2020, and was seconded to Guizhou Ensure Chain Pharmacy Company Limited^ (貴州一樹連鎖藥業有限公司) to act as its chief financial officer and senior vice president from October 2018 to August 2019. Before joining the Group, Mr. Tu was the finance director of WuXi AppTec Co., Ltd.^ (無錫藥明康德新藥開發股份有限公司) ("**WuXi AppTec**") from December 2015 to September 2018, where he led the accounting and reporting team since the delisting of WuXi PharmaTech (Cayman) Inc. from the New York Stock Exchange through the initial public offering and listing of WuXi AppTec on the Shanghai Stock Exchange. From April 2008 to April 2015, Mr. Tu held various finance positions at different departments of General Motors, including being in charge of special projects in the Asia-Pacific region and holding financial reporting and management positions in the North American region. Mr. Tu also had over five years of experience in auditing at Arthur Anderson and PricewaterhouseCoopers in Shanghai where he led the audit team to work on initial public offering and listing projects across different industries. Mr. Tu obtained a Bachelor of Arts Degree in Economics and Business Administration in June 2001 from Fudan University and he is also a member of the Chinese Institute of Certified Public Accountants.

NON-EXECUTIVE DIRECTOR

Mr. Li Faguang, aged 47, was appointed as a non-executive Director on October 13, 2021 and resigned on May 15, 2023.

Ms. Huang Jiaojiao, aged 41, was appointed as a non-executive Director on May 15, 2023. She has worked at Alibaba Holding since December 2017 and is currently its senior finance director. Ms. Huang has extensive experience in financial management. Prior to that, she was the senior finance manager of Alibaba Group from February 2012 to April 2016. Before joining Alibaba Group, Ms. Huang worked at the Shanghai branch of KPMG Huazhen LLP from August 2004 to February 2012 with her last position as audit manager. She obtained a Bachelor's degree of Management majoring in Accounting in July 2004 from the Shanghai University of Finance and Economics in the PRC.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Luo Tong, aged 56, was appointed as an independent non-executive Director on May 9, 2014. Mr. Luo is currently the chief strategy officer of Yiguo Information Technology Co., Ltd. Mr. Luo has over 20 years of experience of retailing operation and management. Before joining the Board, he worked as the regional general manager for Walmart's Zhejiang Province Operations, the vice president of operations and development for China Nepstar Chain Drugstore Ltd., the vice president of operations for Tesiro Jewellery Company and the general manager of retail development of Guangzhou Pharmaceuticals Corporation. Mr. Luo has obtained a diploma in business administration from Guangzhou Finance and Trade Management Institute and a diploma in English from Guangdong Social Science College.

Mr. Wong King On, Samuel, aged 70, was appointed as an independent non-executive Director on May 9, 2014. Mr. Wong was an independent non-executive director and chairman of the audit committee of Analogue Holdings Limited (Stock Code: 1977), a company listed on the Main Board of the Stock Exchange from May 2018 to June 2023. During the period from October 2010 to November 2013, Mr. Wong was an independent non-executive director and chairman of the audit committee of Yashili International Holdings Limited (Stock Code: 1230) which was listed on the Main Board of the Stock Exchange. Mr. Wong has over 30 years of experience in accounting and finance. Mr. Wong joined Ernst & Young in October 1979 and was elected to its partnership in January 1993. Mr. Wong was the managing partner, China Central of Ernst & Young and a member of the management committee of the China firm of Ernst & Young from 2005 until his retirement in 2010. Mr. Wong was a professor of practice (accounting) of the school of accounting and finance of the Hong Kong Polytechnic University from September 2013 to August 2016, and also an adjunct professor of the school of accounting & finance of the Hong Kong Polytechnic University from 2002 to 2010. Mr. Wong was the president of Association of Chartered Certified Accountants (ACCA) Hong Kong for 1998–1999 and a member of the global council of ACCA from 1999 to 2005. Mr. Wong was also the first non-European global president of ACCA for 2003–2004. Mr. Wong is a member of the Hong Kong Institute of Certified Public Accountants, a member of the ACCA and a Certified Practising Accountant Australia. Mr. Wong obtained a master of business administration degree from the University of Bradford, United Kingdom in December 1978. Mr. Wong was awarded the Binder Hamlyn Prize for the best student in financial management in 1978.

Ms. Huang Yi Fei (Vanessa), aged 50, was appointed as an independent non-executive Director on June 9, 2019. Ms. Huang is currently a General Partner at BioVeda China Fund (BVCF). Ms. Huang has over 20 years of investment banking experience in the United States and Hong Kong. Prior to joining BVCF, she was Head of Emerging Asia Healthcare Investment Banking at J.P. Morgan. During her time in investment banking, Ms. Huang worked with companies and investors across Asia Pacific as well as global multinational companies and institutional investors. Her coverage included all subsectors of healthcare including pharmaceutical, biotech, medtech and services. She advised on multiple cross-border mergers and acquisitions and different stages of capital raising. Ms. Huang is a member of the Biotech Advisory Panel of the Stock Exchange and a member of the Admission Panel of the Incu-Bio Incubation Programme of the Hong Kong Science and Technology Parks Corporation. Ms. Huang holds a Master of Business Administration from The Wharton School, University of Pennsylvania.

COMPANY SECRETARY

Ms. Lee Wai Yan Vivian, was appointed as the company secretary of the Company on August 24, 2020 and resigned on June 30, 2022.

Ms. Chun Ka Yan, was appointed as the company secretary of the Company on June 30, 2022. Ms. Chun has more than 10 years of working experience in the legal field and is currently a senior legal counsel in Alibaba Group. Prior to joining Alibaba Group, she was a partner in P. C. Woo & Co. from November 2019 to January 2022. She also worked at various local and international law firms from 2010 to 2019. Ms. Chun obtained a Bachelor of Business Administration degree from The Hong Kong University of Science and Technology and a Graduate Diploma in Law (Common Professional Examination). She was admitted as a solicitor of the High Court of Hong Kong in 2010 and is currently a member of the Law Society of Hong Kong.

Save as disclosed in this report, each of the Directors did not (i) have any relationship with any Directors, senior management, substantial Shareholders or controlling Shareholders; (ii) hold any directorship in any other Hong Kong or overseas listed public companies in the last three years; and (iii) hold any other positions with the Company or other members of the Group. For details of the interests and short positions of the Directors in the share capital and underlying shares of the Company or its associated corporations within the meaning of Part XV of the Securities and Futures Ordinance (the "**SFO**"), please refer to the section headed "Directors' and Chief Executive's Interests and Short Positions in Shares and Underlying Shares". Further, save as disclosed in this report, there is no other matter with respect to the Directors that needs to be brought to the attention of the Shareholders and there is no other information of the Directors that is required to be disclosed pursuant to Rule 13.51(2) of the Listing Rules.

^ *For identification purpose only*

CORPORATE GOVERNANCE REPORT

The Company strives to attain and maintain high standards of corporate governance continuously as it believes that effective corporate governance practices are fundamental to safeguarding the interests of its Shareholders and other stakeholders, and to enhancing shareholder value.

In the opinion of the Board, throughout the Reporting Period, the Company has complied with the code provisions ("**Code Provision(s)**") set out in the Corporate Governance Code (the "**CG Code**") under Appendix 14 to the Listing Rules, except in respect of the following matters:

According to Code Provision C.2.1, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. Mr. Zhu Shunyan has been appointed as both the chairman of the Board (the "**Chairman**") and the chief executive officer of the Company (the "**Chief Executive Officer**"), with effect from March 16, 2020. After joining the Group, Mr. Zhu is primarily responsible for overseeing the Group's general management and business development and for formulating business strategies and policies for our business management and operations. The Directors consider that it is the most suitable for Mr. Zhu to hold both the positions of the Chairman and the Chief Executive Officer as they believe that it will ensure consistent leadership within the Group and enables more effective and efficient overall strategic planning of the Group. The Board is also of the view that the balance of power and authority for the present arrangement will not be impaired and this structure will enable our Company to make and implement decisions promptly and effectively. The Board will continue to review and consider splitting the roles of the Chairman and the Chief Executive Officer at a time when it is appropriate and suitable by taking into account the circumstances of the Group as a whole.

Code Provision D.1.2 stipulates that management should provide all members of the Board with monthly updates giving a balanced and understandable assessment of the Company's performance, position and prospects in sufficient details to enable the Board as a whole and each Director to discharge their duties under Rule 3.08 and Chapter 13 of the Listing Rules. The Company from time to time, based on business needs and conditions, provides to the Board up-to-date business information and convenes ad hoc meetings for considering material business or management issues, so as to enable the Directors and the Board as a whole to discharge their duties.

THE BOARD

Composition

As at March 31, 2023 and up to the date of this report, the Board comprised seven Directors, including (i) three executive Directors, namely Mr. Zhu Shunyan, Mr. Shen Difan and Mr. Tu Yanwu; (ii) one non-executive Director, Ms. Huang Jiaojiao (Mr. Li Faguang resigned on May 15, 2023); and (iii) three independent non-executive Directors, namely Mr. Luo Tong, Mr. Wong King On, Samuel and Ms. Huang Yi Fei (Vanessa). The name and biographical details of each Director are disclosed on pages 60 to 62 of this report.

The non-executive Directors and the independent non-executive Directors are appointed for a term of one year and their respective appointment shall be renewable automatically for successive term of one year each commencing from the next day after the expiry of the then current term of their appointment unless terminated by the Company in accordance with the term of their appointment letters and the provisions of the bye-laws of the Company, respectively.

During the Reporting Period and up to the date of this report, all Directors have brought a wide spectrum of valuable business experience, knowledge and professionalism to the Board for the efficient and effective delivery of the Board's functions. The independent non-executive Directors are invited to serve on the Audit Committee, the Remuneration Committee and the nomination committee (the "**Nomination Committee**") of the Company.

Each independent non-executive Director, pursuant to the guidelines set out in rule 3.13 of the Listing Rules, has confirmed he/she had been independent of the Company throughout the Reporting Period and up to the date of this report, and the Company also considers that they have been independent. Each independent non-executive Director is subject to the requirement that one-third of all the Directors shall retire from office by rotation at each annual general meeting pursuant to the bye-laws of the Company. Save as disclosed, there is no relationship (including financial, business, family or other material or relevant relationship) between each Director (including independent non-executive Directors) and the other members of the Board or the senior management and between the Chairman and the Chief Executive Officer.

Function

The key responsibilities of the Board include, among other things, formulating the Group's overall strategies, setting any major acquisition and disposal, major capital investment and dividend policies, regulating and reviewing internal controls, formulating the Company's corporate governance policy, supervising management's performance and reviewing the adequacy of the Group's resources.

In addition, the Board reserves the authority to make final decisions for all major matters of the Company, which include among others, approving and monitoring of all policy matters, overall strategies and budgets, risk management and internal control systems, adoption of various corporate governance policies, dividend payout (if any), preparation and release of financial information, material and connected transactions, appointment of Directors and other significant financial and operational matters.

In order to enhance efficiency, the Board has delegated the day-to-day responsibilities, operations and decisions to the executive Directors and the senior management of the Company who perform their duties under the leadership of the Chief Executive Officer of the Company.

The independent non-executive Directors play a significant role on the Board by virtue of their independent judgment and their views carry significant weight in the Board's decisions. They bring an impartial view on issues of the Company's strategies, performance and controls.

The Company views that well-developed and timely reporting systems and internal controls are essential, and the Board plays a key role in the implementation and monitoring of internal financial controls.

The Board recognizes that corporate governance should be the collective responsibility of Directors and their corporate governance duties include:

(a) to develop and review the Company's policies and practices on corporate governance and to make recommendations to the Board;

(b) to review and monitor the training and continuous professional development of Directors and senior management;

(c) to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;

(d) to develop, review and monitor the code of conduct and compliance manual applicable to employees and Directors; and

(e) to review the Company's compliance with the CG Code and disclosure in the corporate governance report.

Chairman and Chief Executive Officer

Mr. Zhu Shunyan has been appointed as the Chairman of the Board and the Chief Executive Officer of the Company, with effect from March 16, 2020, which does not comply with Code Provision C.2.1 requiring the roles of chairman and chief executive officer to be separate and not to be performed by the same individual.

After joining the Group, Mr. Zhu is primarily responsible for overseeing the Group's general management and business development and for formulating business strategies and policies for our business management and operations. The Directors consider that it is suitable for Mr. Zhu to hold both the positions of the Chairman of the Board and the Chief Executive Officer as they believe that such arrangement will ensure consistent leadership within the Group and enable more effective and efficient overall strategic planning of the Group. The Board is also of the view that the balance of power and authority under the present arrangement will not be impaired and this structure will enable our Company to make and implement decisions promptly and effectively. The Board will regularly review and consider splitting the roles of the Chairman of the Board and the Chief Executive Officer at a time when it is appropriate and suitable by taking into account the circumstances of the Group as a whole.

CORPORATE GOVERNANCE REPORT

The Board held seven Board meetings during the Reporting Period. Agenda and accompanying board papers were sent to all Directors in a timely manner. Directors who could not attend in person could participate through electronic means of communications. Individual attendance of each Director at the Board meetings, Board Committee meetings and general meetings during the Reporting Period are set out in the table below:

	Number of meetings attended/Number of meetings eligible to attend					
Directors	**Annual General Meeting**	**Special General Meeting**	**Board Meeting**	**Audit Committee Meeting**	**Remuneration Committee Meeting**	**Nomination Committee Meeting**
Executive Directors						
Mr. Zhu Shunyan *(Chairman)*	1/1	1/1	7/7	N/A	N/A	1/1
Mr. Shen Difan	1/1	1/1	7/7	N/A	N/A	N/A
Mr. Tu Yanwu	1/1	1/1	7/7	N/A	N/A	N/A
Non-executive Director						
Mr. Li Faguang (resigned on May 15, 2023)	1/1	1/1	7/7	N/A	1/1	N/A
Independent Non-executive Directors						
Mr. Luo Tong	1/1	1/1	7/7	3/3	N/A	1/1
Mr. Wong King On, Samuel	1/1	1/1	7/7	3/3	1/1	1/1
Ms. Huang Yi Fei (Vanessa)	1/1	1/1	7/7	3/3	1/1	N/A

Directors' Training

Each newly-appointed Director is offered training by the Company upon his or her appointment, so as to ensure that they have appropriate understanding of the Company's business and they are aware of their duties as directors under the applicable laws and regulations.

Pursuant to Code Provision C.1.4, all directors should participate in continuous professional development to develop and refresh their knowledge and skills. This is to ensure that their contribution to the Board remains informed and relevant. During the Reporting Period, all of the following Directors participated in continuous professional development by attending seminar or by self-studying of materials on topics related to corporate governance, regulations and business:

Executive Directors

Mr. Zhu Shunyan	Attend seminar and self-study
Mr. Shen Difan	Attend seminar and self-study
Mr. Tu Yanwu	Attend seminar and self-study

Non-executive Director

Mr. Li Faguang (resigned on May 15, 2023)	Attend seminar and self-study

Independent Non-executive Directors

Mr. Luo Tong	Attend seminar and self-study
Mr. Wong King On, Samuel	Attend seminar and self-study
Ms. Huang Yi Fei (Vanessa)	Attend seminar and self-study

Board Committees

During the Reporting Period, the Company maintained the Audit Committee, the Nomination Committee and the Remuneration Committee in compliance with the Listing Rules and the relevant Code Provisions. The terms of reference for the Audit Committee, the Nomination Committee and the Remuneration Committee were revised and adopted on December 7, 2022. The revised terms of reference are available on the websites of the Stock Exchange and the Company.

Remuneration Committee

During the Reporting Period, the Remuneration Committee comprised Ms. Huang Yi Fei (Vanessa) (Chairman), Mr. Li Faguang and Mr. Wong King On, Samuel, with specific terms of reference which clearly deals with its authority and duties.

The main duties of the Remuneration Committee include:

(a) to make recommendations to the Board on the Company's policy and structure for all Directors and senior management remuneration and other remuneration related matters and on the establishment of a formal and transparent procedure for developing the remuneration policy;

(b) to assess the performance of executive Directors and approve the terms of executive Directors' service contract and make recommendations to the Board on the remuneration packages of individual executive Directors and senior management, including benefits in kind, pension rights and compensation payments (including any compensation payable for loss or termination of their office or appointment);

(c) to make recommendations to the Board on the remuneration of non-executive Directors;

(d) to review and approve the management's remuneration proposals with reference to the Board's corporate goals and objectives; and

(e) to review, provide its view on and/or approve matters relating to share schemes under Chapter 17 of the Listing Rules (including but not limited to any change to the terms of share options or awards granted to the Directors and the management of the Company).

The Remuneration Committee held one meeting during the Reporting Period. The Remuneration Committee discussed and made recommendations on the remuneration to be paid to the Directors for the Reporting Period, and the grant of share options and restricted share units under the share award scheme of the Company adopted by the Company on November 24, 2014.

Apart from the 1,353,302 RSUs granted to six grantees which shall vest within one year from the date of grant on September 15, 2022, none of the Share Awards granted to the grantees during the Reporting Period have a vesting period that is less than 12 months. The Share Awards granted during the Reporting Period are not subject to performance targets but are subject to the clawback mechanism in which any circumstances as specified in the respective grant letter shall arise, which include among others, the termination of the grantee's employment or service by the Company or any of its subsidiaries by reason of the employer terminating the contract of employment without notice or payment in lieu of notice, the grantee has committed an act of theft, embezzlement, fraud, dishonesty, ethical breach or other similar acts or the commission of a criminal offence or any conduct that is materially adverse to the name, reputation or interests of the Group, the Share Awards granted but unvested will automatically lapse and not be exercisable (with regard to share options), in respect of the underlying Shares with effect upon the occurrence of the relevant circumstances.

Having considered that (i) the grantees are Directors, directors of subsidiaries of the Company, employees of the Company and employees of affiliate(s) of the Company and the grant of Share Awards would provide them with the opportunity to acquire equity interests in the Company as recognition of their contribution to the success and development of the Group, and (ii) the Share Awards vest over a certain time period on a yearly basis which motivates them to remain with, and to strive for the future development and expansion of, the Group and the Remuneration Committee considered that performance targets are not necessary for the Share Awards granted.

Having considered the above, the Remuneration Committee was of the view that it is appropriate to approve the grant of Share Awards on such terms to the grantees as it would encourage them to work towards the success of the Group and reinforce their commitment to providing long term services to the Group, which aligns with the interests of the Company and its shareholders and is in line with the purpose of the Share Award Scheme.

Audit Committee

During the Reporting Period, the Audit Committee comprised Mr. Wong King On, Samuel (Chairman), Mr. Luo Tong and Ms. Huang Yi Fei (Vanessa), with specific terms of reference which clearly deals with its authority and duties.

The main duties of the Audit Committee include:

(a) to make recommendations to the Board on the appointment, reappointment and removal of the external auditor, and to approve the remuneration and terms of engagement of the external auditor, and any questions in relation to its resignation or dismissal;

(b) to discuss with the external auditor the nature and scope of the audit and reporting obligations before the audit commences;

(c) to review the half-year and annual financial statements and annual and interim reports and accounts before submission to the Board;

(d) to discuss problems and reservations arising from the interim and final audits, and any matters the auditor may wish to discuss;

(e) to review the external auditor's management letter, any material queries raised by the auditor to the management about the accounting records, financial accounts or systems of control and management's response;

(f) to review the Company's financial controls, risk management systems and internal control systems;

(g) to review and monitor the effectiveness of the internal audit function, and ensure coordination with the external auditor, and ensure the internal audit function has adequate resources and appropriate standing within the Company;

(h) to discuss the risk management and internal control system with management to ensure that management has performed its duty to have an effective system. This discussion should include the adequacy of resources, staff qualifications and experience, training program and budget of the Company's accounting and financial reporting function;

(i) to report on how it met its responsibilities in its review of the interim and annual results of the Company; and

(j) to consider the major investigation findings on risk management and internal control matters and management's response to these findings (if any).

The Audit Committee held three meetings during the Reporting Period. The Audit Committee reviewed the consolidated financial statements of the Company for the Corresponding Period and for the six months period ended September 30, 2022, re-appointment of Ernst & Young as auditor of the Company, internal controls and risk management system and Ernst & Young's audit plan for the Reporting Period, and made relevant recommendations to the Board for its approval.

During the Reporting Period, a specialized internal audit function carried out the analysis and independent appraisal of the adequacy and effectiveness of the Company's risk management and internal control systems.

Nomination Committee

The Nomination Committee comprised Mr. Zhu Shunyan (Chairman), Mr. Luo Tong and Mr. Wong King On, Samuel, with specific terms of reference which clearly deals with its authority and duties.

The main duties of the Nomination Committee include:

(a) to review the structure, size, composition and diversity (including but not limited to gender, age, cultural and educational background, professional experience, skills and knowledge) of the Board at least annually and to make recommendations on any proposed changes to the Board to complement the Company's corporate strategy;

(b) to identify individuals suitably qualified to become members of the Board and to select or to make recommendations to the Board on the selection of individuals nominated for directorships;

(c) to assess the independence of the independent non-executive Directors; and

(d) to make recommendations to the Board on the appointment, re-appointment or removal of Directors and succession planning for Directors, in particular the chairman of the Board and the chief executive officer of the Company.

The Nomination Committee held one meeting during the Reporting Period. The Nomination Committee, identified and nominated qualified individual(s) for appointment as additional Director(s) or to fill Board vacancies as and when they arise, assessed the independence of the independent non-executive Directors, reviewed the retirement schedule, made recommendations on the retirement and re-election of Directors and reviewed the composition, size and diversity of the Board.

NOMINATION POLICY

The Board has adopted a nomination policy which sets out the criteria and process in the nomination and appointment of Directors. Below are the nomination procedures and the process and criteria adopted by the Nomination Committee to select and recommend candidates for directorship.

Selection Criteria

The Nomination Committee shall consider the following criteria in evaluating and selecting candidates for directorships:

- character and integrity;
- qualifications including professional qualifications, skills, knowledge and experience and diversity aspects under the Board Diversity Policy that are relevant to the Company's business and corporate strategy;
- any measurable objectives adopted for achieving diversity on the Board;
- (in case of independent non-executive Directors) requirement for the Board to have independent non-executive Directors in accordance with the Listing Rules and whether the candidate would be considered independent with reference to the independence guidelines set out in the Listing Rules;
- any potential contributions the candidate can bring to the Board in terms of qualifications, skills, experience, independence and gender diversity;
- willingness and ability to devote adequate time to discharge duties as a member of the Board and/or Board committee(s) of the Company; and
- any other perspectives that are appropriate to the Company's business and succession plan and where applicable, may be adopted and/or amended by the Board and/or the Nomination Committee from time to time for nomination of Directors and succession planning.

Directors Nomination Procedures

The Board has the relevant procedures for Directors' nomination which are pursuant to the Listing Rules and the Company's bye-laws as detailed below.

(a) Appointment of New Director

The Nomination Committee or the company secretary of the Company shall call for a meeting of the Nomination Committee upon receipt of any nominations of candidates. The Nomination Committee should evaluate such candidate based on the selection criteria mentioned above to determine whether such candidate is qualified for directorship. The Nomination Committee should then recommend to the Board to appoint the appropriate candidate for directorship. For any person that is nominated by a Shareholder for election as a Director at the general meeting, the Nomination Committee and/or the Board should evaluate such candidate based on the same selection criteria as mentioned above to determine whether such candidate is qualified for directorship, and where appropriate, the Nomination Committee and/or the Board should make recommendation to the Shareholders in respect of the proposed election of Director at the general meeting. The Board should have the final decision on all matters relating to its recommendation of candidates to stand for election at any general meeting.

(b) Re-election of Director at General Meeting

Retiring Directors are eligible for nomination by the Board to stand for re-election at the general meeting according to the bye-laws of the Company. The Nomination Committee and/or the Board should review the overall contribution and service of the retiring Director to the Company, his/her level of participation and performance on the Board and determine whether the retiring Director continues to meet the above selection criteria. The Nomination Committee and/or the Board should then make recommendation to the Shareholders in respect of the proposed re-election of Director at the general meeting.

Board and Workforce Diversity

With effect from June 19, 2014, the Board adopted a board diversity policy setting out the approach to achieve diversity on the Board. The Board considered that the diversity of Board members can be achieved through the consideration of a number of aspects, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. All Board appointments will be based on meritocracy, and candidates will be considered against objective criteria, having due regard for the benefits of diversity of the Board. The Nomination Committee reviews the board diversity policy on a regular basis and discusses any revisions that might be required, and recommends to the Board for consideration and approval. An annual review of this policy for the Reporting Period has been conducted. The Board is satisfied with the implementation and effectiveness of the board diversity policy.

As at March 31, 2023, the Board and the senior management of the Company comprised six males and two females, and among the 1,560 employees of the Company, the ratio of male to female staff was approximately 1.25:1. The Board considers that the Board and the senior management of the Company and the employees of the Company are all diverse in terms of gender. At present, the Company has not set any measurable objectives for implementation of the diversity policies in relation to the Board members and the workforce of the Group (including gender diversity). However, the Company will consider and review from time to time such diversity policies (including gender diversity) and setting of any measurable objectives (if applicable).

Model Code for Securities Transactions

The Company has adopted its own code for securities transactions by the (i) Directors; and (ii) certain officers and employees of the Company or its subsidiaries that are considered to be likely in possession of unpublished inside information in relation to the Company or its securities, on terms not less exacting than those in the Model Code.

In response to specific enquiries made by the Company to all Directors, including the existing Directors and the former Director, Mr. Li Faguang who had been Directors during the Reporting Period, all Directors have confirmed that they have complied with the Model Code and the Company's code for securities transactions throughout the Reporting Period.

COMPANY SECRETARY

With effect from June 30, 2022, Ms. Lee Wai Yan Vivian resigned as the company secretary of the Company in order to focus on the other business affairs of Alibaba Group, and the Company appointed Ms. Chun Ka Yan as the company secretary of the Company on the same day.

The company secretary of the Company, Ms. Chun Ka Yan confirms that she has complied with all the required qualifications, experience and training requirements of the Listing Rules for the Reporting Period.

REMUNERATION OF SENIOR MANAGEMENT BY BAND

The remuneration of the senior management of the Company (namely three Directors, whose biographies are set out on page 60 to 61 of this report) during the Reporting Period falls under the following bands:

Band of remuneration (RMB)	Number of individuals
1,000,000 to 5,000,000	1
5,000,001 to 10,000,000	1
10,000,001 to 15,000,000	1

Further particulars of Directors' remuneration and the five highest paid employees of the Company as required to be disclosed pursuant to Appendix 16 to the Listing Rules are set out in notes 7 and 8 to the consolidated financial statements respectively.

AUDITOR'S REMUNERATION

The remuneration paid to Ernst & Young for audit and non-audit services for the Reporting Period amounted to approximately RMB3,980,000 and RMB2,035,000, respectively. The non-audit services provided by Ernst & Young to the Group were in relation to the review service on the interim results, limited assurance services on continuing connected transactions, other professional service related to the environmental, social and governance assessment, tax review service and transfer pricing review service.

RISK MANAGEMENT AND INTERNAL CONTROLS

The Board and the management of the Group maintain a sound and effective system of internal controls of the Group so as to ensure the effectiveness and efficiency of operations of the Group in achieving its established corporate objectives, safeguarding assets of the Group, rendering reliable financial reporting and complying with the applicable laws and regulations.

The Board is also responsible for making appropriate assertions on the adequacy of internal controls over financial reporting and the effectiveness of disclosure controls and procedures. Through the Audit Committee, the Board reviews the effectiveness of these systems. For the avoidance of doubt, such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

It is also the Board's responsibility to review the effectiveness of the Group's risk management system and ensure that risk management controls are sound and effective to safeguard the investment of the Shareholders and the Group's assets at all times. In connection with this, the Board formed a risk management committee (the "**Risk Management Committee**") comprising, among others, Mr. Wong King On, Samuel as the chairman, Mr. Zhu Shunyan, Mr. Tu Yanwu, Mr. Luo Tong, Ms. Deng Yan and Ms. Huang Yi Fei (Vanessa) on November 23, 2016 to discharge its role in monitoring and in exercising oversight over the risk management of the Company.

The Audit Committee and the Board performed its annual review of the Group's risk management and internal controls for each financial year from April 1 to March 31 and concluded that for the Reporting Period, (a) the Group's risk management and internal control systems were effective and adequate; (b) the Group had adopted the necessary control mechanisms to monitor and correct non-compliance; and (c) the Group had complied satisfactorily with the requirements of the CG Code in respect of risk management and internal control systems.

SHAREHOLDER COMMUNICATION POLICY

Purpose

1. This policy aims at ensuring that the Shareholders, both individual and institutional, and, in appropriate circumstances, the investment community at large, are provided with ready, equal and timely access to balanced and understandable information about the Company (including its financial performance, strategic goals and plans, material developments, governance and risk profile), to enable Shareholders to exercise their rights in an informed manner, and to allow Shareholders and the investment community to engage actively with the Company.

Communication Strategies

Communication with the Company

2. Shareholders may direct questions, request for publicly available information and provide comments and suggestions to Directors or management of the Company. Those questions, requests and comments can be sent by mail to the company secretary of the Company at 26/F, Tower 1, Times Square, 1 Matheson Street, Causeway Bay, Hong Kong.

3. Shareholders may direct their questions about their shareholdings by mail to the Company's Share Registrar, Tricor Secretaries Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong.

Corporate Website

4. The Company communicates to its Shareholders through announcements and interim and annual reports published on its website at http://www.irasia.com/listco/hk/alihealth/. The information on the website is updated on a regular basis.

5. Information released by the Company to the Stock Exchange is also posted on the Stock Exchange's website immediately thereafter. Such information includes financial statements, results announcements, circulars and notices of general meetings and associated explanatory documents etc.

Shareholders' meetings

6. The Shareholders are encouraged to participate in general meetings or to appoint proxies to attend and vote at meetings for and on their behalf if they are unable to attend the meetings.

7. The process of the Company's general meetings will be monitored and reviewed on a regular basis, and, if necessary, changes will be made to ensure that Shareholders' needs are best served.

8. Board members, in particular, either the chairman of the Board or chairman of Board committees or their delegates, appropriate management executives and external auditor will attend annual general meetings to answer Shareholders' questions.

Upon reviewing the implementation and effectiveness of the Shareholders' communication policy of the Company, the Board considers the policy and its implementation are effective as the policy has provided effective channels for Shareholders, potential investors and other stakeholders of the Group to communicate their views with the Company and the Company has complied with the principles and required practices as set out in the policy as described above during the Reporting Period.

Shareholder Privacy

The Company recognizes the importance of the Shareholders' privacy and will not disclose Shareholders' information without their consent, except where required by applicable laws and regulations, any stock exchanges (including the Stock Exchange) or any governmental, judicial or relevant competent authorities.

SHAREHOLDERS' RIGHTS

Procedures for shareholders to convene a special general meeting

Shareholders, holding at the date of deposit of the requisition not less than one tenth of the paid-up capital of the Company carrying the right to vote at general meetings of the Company, shall at all times have the right by written requisition to the Board or the company secretary, to require a special general meeting (the "**SGM**") to be called by the Board for the transaction of any business specified in such requisition.

The requisitionists must state the purpose of the meeting and their contact details in the requisition, and sign and deposit the requisition at the principal place of business of the Company for the attention of the company secretary.

The SGM shall be held within two months from the deposit of the requisition. If the Board fails to proceed to convene the SGM within 21 days of such deposit, the requisitionists may convene the SGM by themselves in accordance with the provisions of Section 74(3) of the Companies Act 1981 of Bermuda (as amended) (the "**Companies Act**").

Procedures for putting forward proposals at general meetings

Shareholders holding not less than 5% of the total voting rights of all Shareholders having a right to vote at the general meeting or not less than 100 Shareholders can submit a written request stating a resolution to be moved at the annual general meeting or a statement of not more than 1,000 words with respect to a matter referred to in any proposed resolution or the business to be dealt with at a particular general meeting.

The requisitionists must sign and deposit the written request or statement at the registered office of the Company and the principal place of business of the Company for the attention of the company secretary, not less than six weeks before the annual general meeting in the case of a requisition requiring notice of a resolution and not less than one week before the general meeting in the case of any other requisition.

If the written request is in order, the company secretary will ask the Board to include the resolution in the agenda for the annual general meeting, as the case may be, to circulate the statement for the general meeting, provided that the requisitionists have deposited a sum of money reasonably determined by the Board sufficient to meet the expenses in serving the notice of the resolution and/or circulating the statement submitted by the requisitionists in accordance with the statutory requirements to all the registered Shareholders.

Procedures for sending enquiries to the Board

Shareholders may send their enquiries with sufficient contact details to the Board at the principal place of the business of the Company for the attention of the company secretary. When the written enquiries are in order, the Company will direct them to the Board.

CONSTITUTIONAL DOCUMENTS

During the Reporting Period, certain amendments to the bye-laws of the Company have been made and approved at the annual general meeting of the Company held on August 5, 2022 to, inter alia, comply with the Core Shareholder Protection Standards as set out in Appendix 3 to the Listing Rules, reflect certain amendments in the applicable laws of Bermuda and make other consequential and housekeeping changes. Other than the above, there was no other significant change in the Company’s constitutional documents for the Reporting Period.

DIVIDEND POLICY

The Company has adopted a dividend policy that, in recommending or declaring dividends, the Company shall maintain adequate and sufficient cash reserves for meeting its working capital requirements and future growth as well as its shareholder value. The Board has the full discretion to declare and distribute dividends to the Shareholders, and any final dividend for a financial year will be subject to Shareholders' approval. In proposing any dividend payout, the Board shall also take into account, among other things, the Group's financial results, financial position, cash flow situation, business conditions and strategies, expected future operations and earnings, capital requirements and expenditure plans, interests of Shareholders, any restrictions on payment of dividends and any other factors the Board may consider relevant. Any payment of the dividend by the Company is also subject to any restrictions under the Companies Act, the Company's bye-laws and all applicable laws and regulations.

MECHANISM ON OBTAINING INDEPENDENT VIEWS AND INPUT

The Board has adopted a mechanism on obtaining independent views and input in that the Board, Board committees or individual Directors may seek such independent professional advice, views and input as considered necessary to fulfil their responsibilities and in exercising independent judgement when making decisions in furtherance of their Directors' duties at the Company's expense.

Independent professional advice shall include legal advice and advice of accountants and other professional financial advisers on matters of law, accounting, tax and other regulatory matters.

Despite having obtained any information or advice from independent professional advisers, the Directors are expected to exercise independent judgement in forming their decisions.

All Directors are aware of this mechanism. An annual review of this mechanism for the Reporting Period has been conducted. The Board is satisfied with the implementation and effectiveness of this mechanism.

WHISTLEBLOWING POLICY

The Company's whistleblowing policy was adopted on November 29, 2022. The Company's whistleblowing policy allows employees and relevant third parties who deal with the Group to voice concerns, in confidence and anonymity, with the integrity department of the Company about misconduct, malpractice or irregularities in any matters related to the Group who then conducts an investigation into the matter and later report on the findings of such investigation to the Audit Committee (or any designated committee comprising a majority of independent non-executive directors).

ANTI-CORRUPTION POLICY

During the Reporting Period, the Company revised and adopted the Anti-Bribery and Anti-Corruption Policy, which sets forth the obligations and responsibilities of the Company on the prevention of corruption and bribery practices and provide standards and guidelines for all employees. The Company and its employees are subject to anti-bribery and anti-corruption laws and regulations in the jurisdictions where their business is conducted.

The anti-corruption policy will be reviewed on a regular basis, and any conduct or activity in violation of the policy will be reported to the legal and compliance department of the Company.

HANDLING AND DISSEMINATION OF INSIDE INFORMATION

The Company has in place a policy for the handling and disclosure of inside information in compliance with the SFO and the Listing Rules. The policy sets out the procedures and internal controls for the handling and dissemination of inside information in a timely manner so as to allow all the shareholders and stakeholders to assess the latest position of the Group.

Under the policy, if an employee is aware of any information which he/she thinks could potentially constitute inside information, the employee should consult his/her supervisor who should consider whether to report the matter to the chief financial officer or chief legal officer of the Company.

Directors regularly attend seminars and/or self-study materials on this subject matter to facilitate their understanding and compliancy with the policy.

DIRECTORS' RESPONSIBILITY IN PREPARING THE FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for preparing the consolidated financial statements of the Group (the "**Financial Statements**") which give a true and fair view and are in accordance with Hong Kong Financial Reporting Standards published by the Hong Kong Institute of Certified Public Accountants. The Directors endeavor to ensure a balanced, clear and understandable assessments of the Group's performance, position and prospects in financial reporting. Accordingly, appropriate accounting policies are selected and applied consistently; judgments and estimates made are prudent and reasonable.

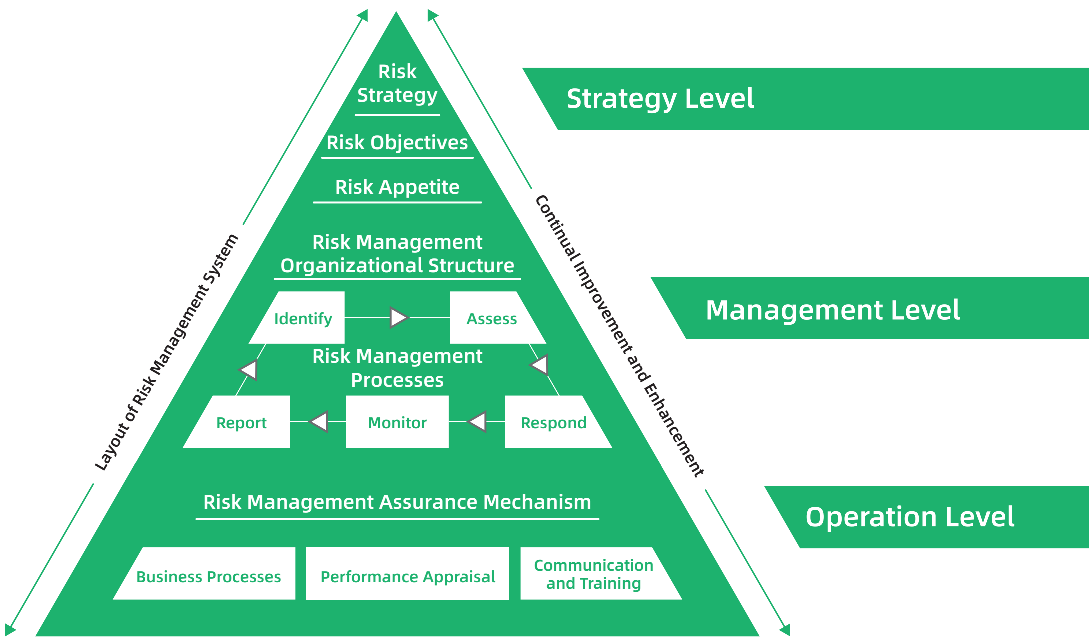
The statement of the Company's auditor about their reporting responsibilities on the Financial Statements is set out in the Independent Auditor's Report on pages 89 to 95 of this report.

1. RISK MANAGEMENT AND INTERNAL CONTROL

The Group considers risk management and internal control to be a core part of its operational management and business activities. The Group is committed to: (i) establishing a comprehensive risk management system that is in line with the Group's strategy and its specific business characteristics; (ii) continually optimizing its risk management organizational structure; (iii) enhancing its risk management processes; and (iv) adopting quantitative and qualitative risk management approaches to drive better identification, assessment and response of risks, to achieve a balance between risks and rewards, and to achieve sustainable development of the Group's businesses while appropriately managing risks.

2. RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

The risk management and internal control systems aim to support the Group in realizing its strategic objectives, vision and mission as well as the sustainable development of its business. The risk management objectives of "Strategy", "Operation", "Reporting" and "Compliance" can be achieved through risk identification, assessment, response and relevant monitoring measures. Risk management capability is one of our core competitive competencies, and we believe that implementing risk management and internal control systems over each business segment and every functional department across the Group will help enhance long-term shareholder value. The Group's risk management and internal control framework includes three levels: strategy, management and operation.



- **Risk Management Strategy**

The Group's risk management strategy aims at "ensuring steady growth and sustainable development of the Group's businesses through continual optimization of the Group's risk management framework, capability and culture".

- **Risk Management Objectives**

The Group's risk management objectives include: (1) strategic objective – to construct our risk management and internal control systems so that they are compatible with the Group's strategic objectives and support the achievement of its strategic goals and sustainable business development; (2) operational objective – to continuously improve the Group's risk management capabilities, thereby reducing uncertainties in the achievement of our operational goals, supporting our business expansion and innovative activities, and ensuring the efficiency and effectiveness of our operational activities; (3) reporting objective – to ensure the validity, accuracy and completeness of our financial and operation management reporting; and (4) compliance objective – to ensure compliance with both external regulatory requirements and internal management policies, standardize our operational management and business processes to maintain the legality and compliance of each business activity of the Company.

- **Risk Appetite**

Risk appetite sets the tone for the Group's overall risk profile. Having adopted a prudent stance in the determination of its risk appetite, the Group integrates its development strategies with its risk appetite by taking into account its overall strategic deployment and the needs of each business segment, thereby facilitating the healthy operation and sustainable growth of the Group as well as each business line.

- **Risk Management Organizational Structure**

The Group's risk management organizational structure has three levels: governance, management and execution. The risk management responsibilities and reporting relationships of the different levels are illustrated below.

- **Risk Management Processes**

  - Risk identification – based on the Group's strategic and operational objectives, management identifies uncertainties and risk exposures which could affect the Group in realizing its strategic and operational objectives in nine major areas, including strategy, operation, quality, customers service, finance, laws, human resources, information technology and data, and reputation.

  - Risk assessment – management and its management team evaluate and rate the identified risks based on the two dimensions of probability and impact and ranks them as "high", "moderate" or "low" based on the rating results.

  - Risk response – risk response strategies include risk avoidance, transfer, mitigation and acceptance. Based on the risk identification and assessment results, management adopts appropriate risk response strategy to design relevant measures to address the specific risk.

  - Risk monitoring – risk monitoring is to oversee the implementation of risk response measures as well as to continuously improve the effectiveness of internal control activities, which includes ongoing monitoring during daily business operation and regular independent assessment.

  - Risk reporting – risk reporting is to report on the effectiveness of the design and implementation of the risk management and internal control systems to the Group management, the Board, the Audit Committee and the Risk Management Committee.

- **Risk Management Assurance Mechanisms**

  - The Group's management actions for risk response include processes and internal control activities at the organizational, operational, financial reporting and IT system levels. The relevant processes and internal control activities have been recorded in internal control manuals and policies, which are published on our policy management platform as reference and learning materials for all employees. The Group also established a rules center to publicize policies and requirements in respect of the management of partners and businesses.

  - Risk management performance appraisal provides assurance for risk management implementation and the Group ensures implementation of its risk management strategies by raising all employees' risk awareness, standardizing internal control processes and adopting the accountability mechanism of all employees.

  - The Group ensures the implementation of operational procedures, policies and internal control activities through related communication and trainings on risk management and internal control, which may take such forms as centralized training sessions, seminars, on-job communication and instructions, online video courses, e-mail reminders and online examinations etc., covering content such as policies, internal control, legal and regulatory compliance, integrity, and data security management.

3. MAIN RISK MANAGEMENT AND INTERNAL CONTROL WORK CONDUCTED DURING THE REPORTING PERIOD

- During the Reporting Period, the Risk Management Committee held a meeting to review the risk management and internal control systems and reported to the Board. The tasks completed by the Risk Management Committee during the Reporting Period included: (1) discussion and review of the Group's findings on major risk identification and assessment, the risk management strategies and control measures in response to key risks; (2) discussion and review of the Risk Management and Internal Control Report required to be disclosed in the annual report for the Reporting Period; and (3) discussion and review of the work plan and key points of risk management and internal control work for the financial year ending March 31, 2024 ("**FY2024**") as well as the expected output and timetable etc.

- The Group's management and respective management teams identified uncertainties and risk exposures in nine major areas (including strategic risk, operational risk, quality risk, customer service risk, financial risk, legal risk, human resources risk, information technology and data security risk, and reputational risk); completed the ranking of the identified risks; discussed risk response proposals and measures, which formed the main basis for risk management and internal control work for the year.

- The Group has established the S-Team, a strategic decision-making function comprising the Chief Executive Officer, chief operating officer, chief financial officer, chief marketing officer and chief talent officer of the Company. As a strategic research system independent of the business system, and through in-depth analysis and research on the competition, existing business segments as well as business operation status, S-Team develops the Group's thorough understanding of and insight into the industry, to facilitate the management of strategic risks, ensure that the strategic decisions of the Group align with its business direction, and to adjust the approach to strategy implementation based on the operating results.

- The "Comprehensive Business Risk Management Committee" is a problem-solving-oriented committee established under the Chief Executive Officer of the Company, which comprises the heads of major functional departments responsible for risk management of the Group. By focusing on managing and controlling the risks related to the Group's businesses, it helps the management team quickly identify and formulate the strategies of risk response, and promotes the comprehensive enhancement in the risk management capability of the Group.

- The business team took steps to standardize the operational procedures and relevant product systems for key businesses and management activities, formulated policies and published the same on our policy management platform as reference and learning materials for all employees.

- The risk management teams, including the risk governance team, quality control team, internal control team, financial team, legal team and safety team, provide supports in term of risk management and control expertise and capabilities from their respective professional perspectives, and conduct daily supervision of the work at the First Line of Defence to ensure effective implementation of risk response measures.

- The Group arranged training sessions related to risk management for all staff on a quarterly basis to promote risk management awareness and promote risk management culture. Topics covered by such training sessions included, among other things, guidance of business processes and internal controls, code of business conduct, compliance with business-related laws and regulations, and data security management.

4. DISCLOSURE OF MATERIAL RISKS

During the Reporting Period, the Group identified, analyzed and prioritized all the potential risks faced by its existing and new businesses. The following table sets forth risks that were ranked as "high":

Major Risks	Description of Risks	Risk Response Measures
Legal Risks	As the Company operates its principal businesses under a strict regulatory regime, if we breach applicable regulatory requirements, we may be subject to penalties which may adversely affect our brand reputation and business. If we fail to have a timely understanding of changes in and updates on applicable policies and regulations, or fail to sufficiently assess the impact of policies and regulations changes on our business operation, management would be unable to adopt response measures on a timely basis, which would affect the Company's regular business activities and its business continuity.	• Establish relevant business processes and internal control measures, and added internal monitoring and checks by specialist teams in relation to matters involving regulatory issues, to ensure that the Company's business operations comply with regulatory requirements; • Stay up-to-date with applicable rules, regulations and regulatory requirements issued by the government and regulators via announcements and notices from the authorities, as well as the news media, the Internet and Alibaba Group's legislation monitoring system. The Group also actively participates in forums organized by the government and regulators to ensure that it is fully aware of the latest government and regulatory requirements and changes in a timely manner; • Establish information sharing channels to keep business teams abreast of the latest regulatory requirements; we also organize regular internal seminars and trainings to study and discuss applicable rules, regulations and regulatory requirements issued by the government and regulators, with a view to ensuring that relevant business teams accurately understand the policies and regulations; and • The legal and business teams jointly assess the impact of policy and regulatory changes on our business, and design response measures and alternative business models in response to the changes, so as to ensure business continuity as well as regulatory compliance.

RISK MANAGEMENT AND INTERNAL CONTROL

Major Risks	Description of Risks	Risk Response Measures
Information Technology and Data Security Risks	As an Internet company, information technology and data form the foundation for our business development and operation, as well as one of the competitive advantages to help maintain high innovation levels and to become an industry leader. Any failure or postponement in our product research and development (R&D), disruption of transactions due to malfunctioning information systems, or leakage or loss of or unauthorized tampering of our data would have a material adverse impact on us achieving our strategic objectives, our brand reputation, business continuity and customer satisfaction.	• Established standardized product R&D procedures, R&D project management mechanisms, coordination, communication and incentive mechanisms for cross-team cooperation among R&D, business, product and marketing teams to ensure timely and effective development of products that meet business needs; • Established IT system maintenance standards and business continuity guarantee mechanisms, contingency plans for IT system interruption, and disaster recovery plans and drills to ensure smooth and uninterrupted operation of our systems and to improve the capability of the system to respond quickly to risk events; and • To comprehensively safeguard the Group from the risks of data leakage, loss and tampering from three areas of staff, processes and information technology, the Group (i) has established management procedures for data collection and transmission, storage security, encrypted protection, authorized access and usage, and destruction; (ii) has deployed information technology for data security management and encrypted protection; and (iii) organizes regular trainings to communicate data security and confidentiality requirements to all our employees.

Major Risks	Description of Risks	Risk Response Measures
Competitive Risks	In China, there is intense competition in the Internet healthcare sector. The continuous evolution in business and operational models, as well as significant moves or decisions by major competitors in the industry and new entrants, may bring potential threats to and have adverse impact on the Group's business and competitive advantages.	• The responsible manager for each business segment closely monitors the competitive situation of his/her business segment, and reports on the relevant information and share his/her insight and judgment at the monthly management meeting; • We have a specialist team which conducts in-depth analysis and research on competition in the industry regularly and reports to management for reference, which enables management to make informed business decisions and develop appropriate operational strategies and effective solutions to address the competitive risks; and • Senior management is committed to innovative and diversified management in relation to our business plans and deployments. In the course of steadfastly executing the strategic decisions, senior management strives for the Group to develop and accumulate core competitive advantages and become an unsurpassable company in the industry.

5. OUTLOOK AND KEY ACTIONS FOR FY2024

- Continue to reinforce the Group's risk management and internal control structure and drive its implementation, so as to continually improve the Group's risk management capabilities to ensure compliance with the CG Code and alignment with best industry practices.

- Continue to supervise each business segment and functional department to promote and optimize the design, implementation and operation of our risk management and internal control systems, and conduct independent supervision and assessment to ensure the effective design and implementation of internal control for major risks.

- Continue to focus on material changes and updates of key risks and make timely adjustments to the risk response measures and solutions accordingly.

- Further establish and improve the Group's policy and process guidelines and system of rules, strengthen internal and external publicity, and create a good business environment.

- Ongoing risk management trainings and risk management culture education for all staff to enhance their awareness of risk management, reinforce the accountability mechanism, and ensure implementation of the Group's risk management strategies.

In the face of existing and emerging risks, the Group must maintain continual and strict supervision and control under effective risk management and internal control systems. The Group has a management team well-attuned to the importance of risk management, which will proactively identify, prevent and manage risks and continually seek to improve the Group's risk management and internal control systems.

6. STATEMENT OF THE BOARD REGARDING INTERNAL CONTROL RESPONSIBILITY

The Group's internal controls aim at ensuring compliance of its operations with laws and regulations, the security of its assets and the validity and completeness of its financial reports and related information, to enhance its operational efficiency and effectiveness and facilitate the realization of its growth strategies. The Group has established internal control procedures to safeguard against the unauthorized use or disposition of its assets, to ensure the maintenance of proper accounting records for the provision of reliable financial information for internal use or for publication, and to ensure compliance with applicable laws, rules and regulations. During the year, the Group conducted a comprehensive self-assessment of its internal controls and reported the result to the Audit Committee and the Board, and no significant deficiencies were identified. The Board believes that, for the Reporting Period, the Group's existing internal control systems were sufficient and effective to assure the interests of the Group and its shareholders.

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To the shareholders of Alibaba Health Information Technology Limited
(Incorporated in Bermuda with limited liability)

OPINION

We have audited the consolidated financial statements of Alibaba Health Information Technology Limited (the "Company") and its subsidiaries (the "Group") set out on pages 94 to 207, which comprise the consolidated statement of financial position as at March 31, 2023, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at March 31, 2023, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the HKICPA's *Code of Ethics for Professional Accountants* (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

KEY AUDIT MATTERS (CONTINUED)

Key audit matter	How our audit addressed the key audit matter
Impairment of investments in associates	
As at March 31, 2023, the Group held investments in associates of approximately RMB2,336.7 million, which was significant to the consolidated financial statements. Management identified indicators of impairment for investments in associates and accordingly, with the assistance of an independent valuer, performed impairment tests for these investments by comparing the carrying amounts as at March 31, 2023 with the corresponding recoverable amounts. The recoverable amounts were determined using fair value less costs of disposal for these investments. The fair value was developed through the application of the income approach technique known as the discounted cash flow method, which required management to apply significant assumptions and estimates, such as expected revenue and margin, discount rates and perpetual growth rates. Relevant disclosures are included in note 2.4 "Summary of significant accounting policies", note 3 "Significant accounting judgements and estimates" and note 17 "Investments in associates" to the consolidated financial statements.	We performed the following procedures to address the key audit matter: • Evaluated the Group's policies and procedures of identifying indicators for potential impairment of the investments in associates; • Evaluated the capabilities and objectivity of the independent valuer; • Assessed the reasonableness of expected revenue and margin by making enquiries with management and with reference to historical information and industry development expectations; • With the assistance of our internal valuation specialists, examined the valuation methodologies and evaluated the assumptions and estimates used, including the discount rates and the perpetual growth rates; • Checked the mathematical accuracy of management's valuation schedules; and • Evaluated the adequacy of the relevant disclosures in the consolidated financial statements.

KEY AUDIT MATTERS (CONTINUED)

Key audit matter	How our audit addressed the key audit matter
Fair value measurement of financial assets at fair value through profit or loss	
As at March 31, 2023, the carrying amount of the Group's financial assets at fair value through profit or loss was approximately RMB1,883.3 million, which was significant to the financial statements. Management estimated and measured the fair values of unlisted equity investments, with the assistance of an independent valuer, using a market-based valuation technique which required management to apply significant judgements and estimates, such as comparable public companies, relevant price multiples and discounts for illiquidity. Relevant disclosures are included in note 2.4 "Summary of significant accounting policies", note 3 "Significant accounting judgements and estimates", note 23 "Financial assets at fair value through profit or loss" and note 35 "Fair value and fair value hierarchy of financial instruments" to the consolidated financial statements.	We performed the following procedures to address the key audit matter: • Evaluated the capabilities and objectivity of the independent valuer; • With the assistance of our internal valuation specialists, examined the valuation methodologies and evaluated the judgements and estimates used, including comparable public companies, relevant price multiples and discounts for illiquidity; • Checked the mathematical accuracy of management's valuation schedules; and • Evaluated the adequacy of the relevant disclosures in the consolidated financial statements.

KEY AUDIT MATTERS (CONTINUED)

Key audit matter	How our audit addressed the key audit matter
Impairment of goodwill	
As at March 31, 2023, the carrying amount of the Group's goodwill was approximately RMB810.9 million. In accordance with Hong Kong Accounting Standard ("HKAS") 36 *Impairment of Assets*, the Group is required to annually test the amount of goodwill for impairment. This annual impairment test involved significant management's judgement and estimates, such as expected revenue growth rates, budgeted gross margins, discount rates and perpetual growth rates. Relevant disclosures are included in note 2.4 "Summary of significant accounting policies", note 3 "Significant accounting judgements and estimates" and note 14 "Goodwill" to the consolidated financial statements.	We performed the following procedures to address the key audit matter: • Evaluated the capabilities and objectivity of the independent valuer; • Assessed the reasonableness of expected revenue and margin by making enquiries with management and with reference to historical information and industry development expectations; • With the assistance of our internal valuation specialists, examined the valuation methodologies and evaluated the assumptions and estimates used, including the discount rates and the perpetual growth rates; • Checked the mathematical accuracy of management's valuation schedules; and • Evaluated the adequacy of the relevant disclosures in the consolidated financial statements.

OTHER INFORMATION INCLUDED IN THE ANNUAL REPORT

The directors of the Company are responsible for the other information. The other information comprises the information included in the Annual Report, other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors of the Company are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors of the Company either intend to liquidate the Group or to cease operations or have no realistic alternative but to do so.

The directors of the Company are assisted by the Audit Committee in discharging their responsibilities for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Our report is made solely to you, as a body, in accordance with section 90 of the Bermuda Companies Act 1981, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Ng Siu Ki Ricky.

Ernst & Young
Certified Public Accountants
Hong Kong
May 23, 2023

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended March 31, 2023

	Notes	2023 RMB'000	2022 RMB'000
REVENUE	5	**26,763,016**	20,577,616
Cost of sales		**(21,061,682)**	(16,469,623)
Gross profit		**5,701,334**	4,107,993
Other income and gains	5	**618,069**	899,494
Operating expenses			
Fulfilment		**(2,907,137)**	(2,097,287)
Selling and marketing expenses		**(1,768,675)**	(1,981,279)
Administrative expenses		**(379,487)**	(395,082)
Product development expenses		**(677,822)**	(728,828)
Other expenses and losses		**(40,836)**	(8,090)
Finance costs	13(b)	**(5,833)**	(3,815)
Share of profits/(losses) of:			
Joint ventures		**48,981**	1,269
Associates		**(37,600)**	(46,889)
PROFIT/(LOSS) BEFORE TAX	6	**550,994**	(252,514)
Income tax expense	9	**(16,731)**	(13,427)
PROFIT/(LOSS) FOR THE YEAR		**534,263**	(265,941)
Attributable to:			
Owners of the parent		**533,407**	(265,555)
Non-controlling interests		**856**	(386)
		534,263	(265,941)
EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	10		
Basic		**RMB3.95 cents**	RMB(1.97) cents
Diluted		**RMB3.94 cents**	RMB(1.97) cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended March 31, 2023

	Note	2023 RMB'000	2022 RMB'000
PROFIT/(LOSS) FOR THE YEAR		**534,263**	(265,941)
OTHER COMPREHENSIVE INCOME/(LOSS)			
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:			
Share of other comprehensive income of an associate		**–**	17
Exchange differences on translation of the Group's subsidiaries		**(296,049)**	65,104
Net other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods		**(296,049)**	65,121
Other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of the Company		**639,609**	(337,121)
Equity investment designated at fair value through other comprehensive income:			
Changes in fair value		**(30,090)**	(17,177)
Income tax effect	*27*	**2,174**	1,718
		(27,916)	(15,459)
Net other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods		**611,693**	(352,580)
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR, NET OF TAX		**315,644**	(287,459)
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR		**849,907**	(553,400)
Attributable to:			
Owners of the parent		**849,051**	(553,014)
Non-controlling interests		**856**	(386)
		849,907	(553,400)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

March 31, 2023

	Notes	2023 RMB'000	2022 RMB'000
NON-CURRENT ASSETS			
Property and equipment	12	**14,235**	20,176
Right-of-use assets	13(a)	**54,313**	144,930
Goodwill	14	**810,853**	810,853
Other intangible assets	15	**309,010**	326,215
Investments in joint ventures	16	**249,441**	160,660
Investments in associates	17	**2,336,704**	2,340,814
Equity investment designated at fair value through other comprehensive income	22	**122,062**	140,900
Financial assets at fair value through profit or loss	23	**1,883,292**	1,661,490
Other receivables and other assets	20	**20,024**	13,030
Deferred tax assets	27	**33,831**	17,390
Total non-current assets		**5,833,765**	5,636,458
CURRENT ASSETS			
Prepaid tax		**25,318**	23,525
Inventories	18	**2,102,312**	1,550,150
Trade and bills receivables	19	**578,787**	515,985
Prepayments, other receivables and other assets	20	**1,139,940**	864,875
Restricted cash	21	**150,262**	63,125
Cash and cash equivalents	21	**10,917,171**	10,547,851
Total current assets		**14,913,790**	13,565,511
CURRENT LIABILITIES			
Lease liabilities	13(b)	**37,437**	50,656
Trade and bills payables	24	**3,714,047**	3,528,597
Other payables and accruals	25	**1,127,492**	941,376
Contract liabilities	26	**495,066**	260,678
Tax payable		**63,402**	40,826
Total current liabilities		**5,437,444**	4,822,133
NET CURRENT ASSETS		**9,476,346**	8,743,378
TOTAL ASSETS LESS CURRENT LIABILITIES		**15,310,111**	14,379,836

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

March 31, 2023

	Notes	2023 *RMB'000*	2022 *RMB'000*
NON-CURRENT LIABILITIES			
Lease liabilities	*13(b)*	**40,361**	84,758
Deferred tax liabilities	*27*	**122,417**	116,483
Other payables	*25*	**–**	106,363
Total non-current liabilities		**162,778**	307,604
Net assets		**15,147,333**	14,072,232
EQUITY			
Equity attributable to owners of the parent			
Share capital	*28*	**119,133**	119,102
Treasury shares	*28*	**(70,482)**	(23,516)
Reserves	*30*	**15,125,056**	14,002,833
		15,173,707	14,098,419
Non-controlling interests		**(26,374)**	(26,187)
Total equity		**15,147,333**	14,072,232

Zhu Shunyan
Director

Tu Yanwu
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended March 31, 2023

		Attributable to owners of parent											
	Note	Share capital *RMB'000*	Share premium account *RMB'000*	Treasury shares *RMB'000*	Merger reserve *RMB'000*	Exchange fluctuation reserve *RMB'000*	Employee share-based compensation reserve *RMB'000*	Fair value reserve of financial assets at fair value through other comprehensive income *RMB'000*	Other reserves *RMB'000*	Accumulated losses *RMB'000*	Total *RMB'000*	Non-controlling interests *RMB'000*	Total equity *RMB'000*
At April 1, 2022		119,102	43,499,897	(23,516)	(28,189,579)	(724,479)	460,077	28,529	237,401	(1,309,013)	14,098,419	(26,187)	14,072,232
Profit for the year		–	–	–	–	–	–	–	–	533,407	533,407	856	534,263
Other comprehensive income/(loss) for the year:													
Changes in fair value of financial assets at fair value through other comprehensive income, net of tax		–	–	–	–	–	–	(27,916)	–	–	(27,916)	–	(27,916)
Exchange differences on translation of the Company and its subsidiaries		–	–	–	–	343,560	–	–	–	–	343,560	–	343,560
Total comprehensive income/(loss) for the year		–	–	–	–	343,560	–	(27,916)	–	533,407	849,051	856	849,907
Repurchase of shares	*28*	–	–	(81,582)	–	–	–	–	–	–	(81,582)	–	(81,582)
Vested awarded shares transferred to employees	*28*	–	214,834	34,616	–	–	(231,223)	–	9,712	–	27,939	–	27,939
Exercise of share options	*28*	31	19,345	–	–	–	(6,486)	–	–	–	12,890	–	12,890
Share-based compensation costs		–	–	–	–	–	254,869	–	–	–	254,869	–	254,869
Deemed interest in an interest-free loan to a non-wholly-owned subsidiary		–	–	–	–	–	–	–	(148)	–	(148)	148	–
Deregistration of a subsidiary		–	–	–	–	–	–	–	–	–	–	(1,191)	(1,191)
Appropriation of statutory reserves		–	–	–	–	–	–	–	66,085	(66,085)	–	–	–
Partial disposal of interests in an associate		–	–	–	–	–	–	–	(887)	–	(887)	–	(887)
Share of capital reserve of associates		–	–	–	–	–	–	–	13,156	–	13,156	–	13,156
At March 31, 2023		119,133	43,734,076^	(70,482)	(28,189,579)^	(380,919)^	477,237^	613^	325,319^	(841,691)^	15,173,707	(26,374)	15,147,333

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended March 31, 2022

		Attributable to owners of parent											
	Note	Share capital RMB'000	Share premium account RMB'000	Treasury shares RMB'000	Merger reserve RMB'000	Exchange fluctuation reserve RMB'000	Employee share-based compensation reserve RMB'000	Fair value reserve of financial assets at fair value through other comprehensive income RMB'000	Other reserves RMB'000	Accumulated losses RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At April 1, 2021		118,859	43,281,281	(22,265)	(28,189,579)	(452,462)	363,949^	43,971	143,848	(985,652)	14,301,950	(20,346)	14,281,604
Loss for the year		–	–	–	–	–	–	–	–	(265,555)	(265,555)	(386)	(265,941)
Other comprehensive income/(loss) for the year:													
Change in fair value of financial assets at fair value through other comprehensive income, net of tax		–	–	–	–	–	–	(15,459)	–	–	(15,459)	–	(15,459)
Share of other comprehensive income of an associate		–	–	–	–	–	–	17	–	–	17	–	17
Exchange differences on translation of the Company and its subsidiaries		–	–	–	–	(272,017)	–	–	–	–	(272,017)	–	(272,017)
Total comprehensive loss for the year		–	–	–	–	(272,017)	–	(15,442)	–	(265,555)	(553,014)	(386)	(553,400)
Issue of new shares for restricted share units	*28*	219	–	(219)	–	–	–	–	–	–	–	–	–
Repurchase of shares	*28*	–	–	(16,519)	–	–	–	–	–	–	(16,519)	–	(16,519)
Share based compensation expenses		–	–	–	–	–	17,796	–	–	–	17,796	–	17,796
Vested awarded shares transferred to employees	*28*	–	203,824	15,487	–	–	(209,789)	–	22,574	–	32,096	–	32,096
Exercise of share options	*28*	24	14,792	–	–	–	(5,123)	–	–	–	9,693	–	9,693
Share-based compensation costs		–	–	–	–	–	293,244	–	–	–	293,244	–	293,244
Deemed interest in an interest-free loan to a non-wholly-owned subsidiary		–	–	–	–	–	–	–	665	–	665	(665)	–
Deregistration of a subsidiary		–	–	–	–	–	–	–	–	–	–	(4,790)	(4,790)
Appropriation of statutory reserves		–	–	–	–	–	–	–	57,806	(57,806)	–	–	–
Share of capital reserve of an associate		–	–	–	–	–	–	–	12,508	–	12,508	–	12,508
At March 31, 2022		119,102	43,499,897^	(23,516)	(28,189,579)^	(724,479)^	460,077^	28,529^	237,401^	(1,309,013)^	14,098,419	(26,187)	14,072,232

^ These reserve accounts comprise the consolidated reserves of RMB15,125,056,000 (2022: RMB14,002,833,000) in the consolidated statement of financial position.

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended March 31, 2023

	Notes	2023 RMB'000	2022 RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit/(loss) before tax		**550,994**	(252,514)
Adjustments for:			
Finance costs	13(b)	**5,833**	3,815
Share of profits of joint ventures		**(48,981)**	(1,269)
Share of losses of associates		**37,600**	46,889
Bank interest income	5	**(330,442)**	(209,664)
Other interest income	5	**(1,146)**	(174)
Gain on disposal of property and equipment	5	**(65)**	(142)
Gain on deemed disposal of interests in associates	5	**(41,474)**	(381,392)
Gain on partial disposal of interests in an associate	5	**(22,847)**	–
Covid-19-related rent concessions from lessors	13(b)	**(299)**	(76)
Gain on recognition of net investments in subleases	5	**(2,649)**	–
Loss on revision of lease terms arising from changes in the non-cancellable periods of leases	6	**3,167**	–
Loss on deregistration of subsidiaries	6	**1,308**	–
Impairment of investment in a joint venture	6	**–**	1,357
Dividend income from financial assets at fair value through profit or loss	5	**–**	(3,741)
Fair value gains on financial assets at fair value through profit or loss	5	**(47,917)**	(162,062)
Fair value loss on contingent consideration included in other payables and accruals	6	**19,811**	2,782
Depreciation of property and equipment	6	**9,514**	9,978
Depreciation of right-of-use assets	6	**36,692**	38,693
Amortization of intangible assets	6	**17,513**	11,905
Impairment of trade receivables	6	**1,824**	132
Impairment of other receivables	6	**11,518**	–
Impairment of inventories	6	**159,591**	48,328
Share-based compensation expenses	6	**308,890**	408,098
		668,435	(439,057)
Increase in trade and bills receivables		**(64,626)**	(201,983)
Increase in prepayments, other receivables and other assets		**(214,854)**	(165,583)
Increase in inventories		**(711,694)**	(129,200)
Increase in trade and bills payables		**186,711**	959,570
Increase in other payables and accruals		**89,082**	173,299
Increase in contract liabilities		**234,388**	70,103
Increase in restricted cash		**(87,137)**	(52,108)
Effect of foreign exchange rate changes, net		**(69,837)**	17,027
Cash generated from operations		**30,468**	232,068
Interest received		**274,168**	241,446
Interest paid		**(5,833)**	(3,815)
Mainland of the People's Republic of China ("Mainland China") income tax paid		**(42,616)**	(41,357)
Hong Kong profits tax paid		**(497)**	(3,979)
Net cash flows generated from operating activities		**255,690**	424,363

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended March 31, 2023

	Notes	2023 RMB'000	2022 RMB'000
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of items of property and equipment	12	**(5,612)**	(14,930)
Purchase of items of other intangible assets	15	**(308)**	(185)
Purchase of financial assets at fair value through profit or loss		**(142,420)**	(355,000)
Proceeds from maturity/redemption of financial assets at fair value through profit or loss		**–**	35,980
Proceeds from disposal of property and equipment		**413**	1,856
Receipt of finance lease payments		**15,803**	–
Payment of consideration of acquisitions		**(77,326)**	(815,597)
Investment in a joint venture		**(39,800)**	(59,700)
Receipt of loan repayment from a third party company		**–**	13,900
Interest received		**44,590**	174
Dividend received from financial assets at fair value through profit or loss		**–**	3,741
Dividend received from investment in an associate		**2,487**	975
Proceeds from partial disposal of interests in an associate		**46,503**	–
Decrease/(increase) in non-pledged time deposits with original maturity of over three months when acquired		**(376,766)**	3,178,070
Effect of foreign exchange rate changes		**–**	(116,976)
Net cash flows generated from/(used in) investing activities		**(532,436)**	1,872,308
CASH FLOWS FROM FINANCING ACTIVITIES			
Repurchase of shares	28	**(81,582)**	(16,519)
Proceeds from exercise of share options	28	**12,890**	9,693
Principal portion of lease payments		**(42,586)**	(47,012)
Investment return to a non-controlling shareholder upon the deregistration of a subsidiary		**–**	(4,790)
Net cash flows used in financing activities		**(111,278)**	(58,628)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**(388,024)**	2,238,043
Effect of foreign exchange rate changes		**283,447**	(148,891)
Cash and cash equivalents at beginning of year		**9,341,427**	7,252,275
CASH AND CASH EQUIVALENTS AT END OF YEAR		**9,236,850**	9,341,427
Cash and cash equivalents as stated in the consolidated statement of financial position		**10,917,171**	10,547,851
Time deposits with original maturity of over three month when acquired		**(1,680,321)**	(1,206,424)
Cash and cash equivalents as stated in the consolidated statement of cash flows		**9,236,850**	9,341,427

NOTES TO FINANCIAL STATEMENTS

March 31, 2023

1. CORPORATE AND GROUP INFORMATION

Alibaba Health Information Technology Limited (the "Company") is incorporated in Bermuda as an exempted company with limited liability. The address of its registered office is Victoria Place, 5th Floor, 31 Victoria Street, Hamilton HM 10, Bermuda. The principal place of business of the Company is located at 65th Floor, CITIC Tower, Beijing, the People's Republic of China (the "PRC").

The Company is an investment holding company. The Company and its subsidiaries (hereinafter collectively referred to as the "Group") are primarily engaged in the pharmaceutical direct sales business, pharmaceutical e-commerce platform business and healthcare and digital services business.

In the opinion of the directors, the Company's ultimate holding company of the Company is Alibaba Group Holding Limited ("Alibaba Holding", together with its subsidiaries, "Alibaba Group"). There is no company holding a direct majority interest in the Company.

Information about subsidiaries

Particulars of the Company's principal subsidiaries at the end of the reporting period are as follows:

Name	Place of incorporation/ registration and operations	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company 2023	2022	Principal activities
Alibaba Health (Hong Kong) Technology Company Limited ("Alibaba Health (Hong Kong)")	Hong Kong	HK$4,865,000,331.95	100	100	Investment holding and pharmaceutical direct sales services
禮得合信息技術(北京)有限公司 Lidehe Information Technology (Beijing) Co., Ltd.[abc]	PRC/Mainland China	RMB300,000,000	100	100	Provision of e-commerce platform services
北京雲康佳檢信息技術有限公司 Beijing Yunkang Jiajian Information Technology Co., Ltd.[ac]	PRC/Mainland China	RMB60,000,000	80	80	Provision of digital infrastructure services
阿里健康科技(中國)有限公司 Alibaba Health Technology (China) Limited[abc] ("Alibaba Health (China)")	PRC/Mainland China	RMB800,000,000	100	100	Investment holding and digital infrastructure service
阿里健康大藥房醫藥連鎖有限公司 Alibaba Health Pharmaceutical Chain Co., Ltd.[ac]	PRC/Mainland China	RMB1,791,660,000	100	100	Pharmacy business
阿里健康(浙江)醫藥有限公司 Alibaba Health Zhejiang Pharmaceutical Co., Ltd.[ac]	PRC/Mainland China	RMB20,000,000	100	100	Pharmaceutical product trading and healthcare service business
阿里健康科技(杭州)有限公司 Alibaba Health Technology (Hangzhou) Limited[abc]	PRC/Mainland China	RMB1,400,000,000	100	100	Provision of e-commerce platform services

1. CORPORATE AND GROUP INFORMATION (CONTINUED)

Information about subsidiaries (Continued)

Name	Place of incorporation/ registration and operations	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company 2023	2022	Principal activities
弘雲久康數據技術(北京)有限公司 Hongyun Jiukang Data Technology (Beijing) Co., Ltd.[acd] ("Hongyun Jiukang")	PRC/Mainland China	RMB40,000,000	100	100	Investment holding
杭州鹿康健康科技有限公司 Hangzhou Lukang Health Technology Co., Ltd.[abc]	PRC/Mainland China	RMB301,000,000	100	100	Provision of e-commerce platform services
廣州市阿里健康醫療科技有限公司 Guangzhou Ali Health Medical Technology Co., Ltd.[ac]	PRC/Mainland China	RMB75,000,000	100	100	Healthcare service business
杭州得賦健康管理有限公司 Hangzhou Defu Health Management Co., Ltd.[abc]	PRC/Mainland China	RMB1,200,000	100	100	Provision of e-commerce platform services
Ali JK ZNS (HK) Limited	Hong Kong	USD200,000	100	100	Provision of e-commerce platform services
海東市平安正陽互聯網中醫醫院有限公司 Haidong Pingan Zhengyang Network Chinese Medical Hospital Co., Ltd.[ac] ("Pingan Zhengyang")	PRC/Mainland China	RMB75,000,000	100	100	Internet hospital services
海南小鹿中醫互聯網醫院有限公司 Hainan Xiaolu Network Chinese Medical Hospital Co., Ltd.[ac]	PRC/Mainland China	RMB5,000,000	100	100	Internet hospital services

a For identification purposes only

b Registered as wholly-foreign-owned enterprises under PRC law

c Registered as limited liability companies under PRC law

d The Company does not have legal ownership in the equity of Hongyun Jiukang. However, under certain contractual agreements (including a power of attorney agreement, loan agreement, equity option agreement, equity interest pledge agreement and an exclusive technical consulting and service agreement) entered into with the registered owners of the entity, the Company, through its indirectly wholly-owned subsidiary, controls the entity by way of controlling the voting rights, governing the financial and operating policies, appointing or removing the majority of the members of its controlling authorities, and casting the majority of votes at meetings of such authorities. In addition, such contractual agreements also transfer the risks and rewards of the entity to the Company and/or its indirectly owned subsidiary. As a result, the entity is treated as a subsidiary of the Company and its financial statements have been consolidated by the Company.

1. CORPORATE AND GROUP INFORMATION (CONTINUED)

Information about subsidiaries (continued)

The subsidiaries listed in the above table are indirectly owned by the Company and they, in the opinion of the directors, principally affected the results for the year or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

2.1 BASIS OF PREPARATION

These consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for financial instruments at fair value through profit or loss ("FVPL"), bills receivable, an equity investment designated at fair value through other comprehensive income ("FVOCI") and contingent consideration included in other payables and accruals, which have been measured at fair value. These financial statements are presented in RMB and all values are rounded to the nearest thousand except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries for the year ended March 31, 2023. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

The Company has set up two trusts (the "Trust(s)") for the purpose of purchasing, administering and holding the Company's shares for the share award scheme adopted on November 24, 2014 (the "Share Award Scheme", note 29). During the year ended March 31, 2023, the Company reorganized the arrangement of the Trusts and there remained one Trust as at March 31, 2023. The Group has the power to govern the financial and operating policies of the Trusts and derive benefits from the services of the employees who have been awarded the awarded shares through their continued employment with the Group. The assets and liabilities of the Trusts are included in the consolidated statement of financial position and the Company's shares held by the Trusts are presented as a deduction in equity as the Company's shares held for the Share Award Scheme.

2.1 BASIS OF PREPARATION (CONTINUED)

Basis of consolidation (Continued)

Generally, there is a presumption that a majority of voting rights results in control. When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognizes (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognizes (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognized in other comprehensive income is reclassified to profit or loss or retained profits/accumulated losses, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following revised HKFRSs for the first time for the current year's financial statements.

Amendments to HKFRS 3	*Reference to the Conceptual Framework*
Amendments to HKAS 16	*Property, Plant and Equipment: Proceeds before Intended Use*
Amendments to HKAS 37	*Onerous Contracts – Cost of Fulfilling a Contract*
Annual Improvements to HKFRSs 2018-2020	Amendments to HKFRS 1, HKFRS 9, Illustrative Examples accompanying HKFRS 16, and HKAS 41

The nature and the impact of the revised HKFRSs that are applicable to the Group are described below:

(a) Amendments to HKFRS 3 replace a reference to the previous *Framework for the Preparation and Presentation of Financial Statements* with a reference to the *Conceptual Framework for Financial Reporting* (the "Conceptual Framework") issued in June 2018 without significantly changing its requirements. The amendments also add to HKFRS 3 an exception to its recognition principle for an entity to refer to the Conceptual Framework to determine what constitutes an asset or a liability. The exception specifies that, for liabilities and contingent liabilities that would be within the scope of HKAS 37 or HK(IFRIC)-Int 21 if they were incurred separately rather than assumed in a business combination, an entity applying HKFRS 3 should refer to HKAS 37 or HK(IFRIC)-Int 21 respectively instead of the Conceptual Framework. Furthermore, the amendments clarify that contingent assets do not qualify for recognition at the acquisition date. The Group has applied the amendments prospectively to business combinations that occurred on or after April 1, 2022. As there were no business combinations during the year, the amendments did not have any impact on the financial position and performance of the Group.

(b) Amendments to HKAS 16 prohibit an entity from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling any such items, and the cost of those items as determined by HKAS 2 *Inventories*, in profit or loss. The Group has applied the amendments retrospectively to items of plant and equipment made available for use on or after April 1, 2021. Since there was no sale of items produced prior to the plant and equipment being available for use, the amendments did not have any impact on the financial position or performance of the Group.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (CONTINUED)

(c) Amendments to HKAS 37 clarify that for the purpose of assessing whether a contract is onerous under HKAS 37, the cost of fulfilling the contract comprises the costs that relate directly to the contract. Costs that relate directly to a contract include both the incremental costs of fulfilling that contract (e.g., direct labor and materials) and an allocation of other costs that relate directly to fulfilling that contract (e.g., an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract as well as contract management and supervision costs). General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract. The Group has applied the amendments prospectively to contracts for which it has not yet fulfilled all its obligations at April 1, 2022 and no onerous contracts were identified. Therefore, the amendments did not have any impact on the financial position or performance of the Group.

(d) *Annual Improvements to HKFRSs 2018-2020* sets out amendments to HKFRS 1, HKFRS 9, Illustrative Examples accompanying HKFRS 16, and HKAS 41. The amendment applicable to the Group is HKFRS 9 *Financial Instruments* which clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. The Group has applied the amendment prospectively from April 1, 2022. As there was no modification or exchange of the Group's financial liabilities during the year, the amendment did not have any impact on the financial position or performance of the Group.

2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

The Group has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in these financial statements.

Amendments to HKFRS 10 and HKAS 28 (2011)	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[3]
Amendments to HKFRS 16	*Lease Liability in a Sale and Leaseback*[2]
HKFRS 17	*Insurance Contracts*[1]
Amendments to HKFRS 17	*Insurance Contracts*[1, 5]
Amendment to HKFRS 17	*Initial Application of HKFRS 17 and HKFRS 9 – Comparative Information*[6]
Amendments to HKAS 1	*Classification of Liabilities as Current or Non-current* (the "2020 Amendments")[2, 4]
Amendments to HKAS 1	*Non-current Liabilities with Covenants* (the "2022 Amendments")[2]
Amendments to HKAS 1 and HKFRS Practice Statement 2	*Disclosure of Accounting Policies*[1]
Amendments HKAS 8	*Definition of Accounting Estimates*[1]
Amendments to HKAS 12	*Deferred Tax related to Assets and Liabilities arising from a Single Transaction*[1]

1 Effective for annual periods beginning on or after January 1, 2023

2 Effective for annual periods beginning on or after January 1, 2024

3 No mandatory effective date yet determined but available for adoption

4 As a consequence of the 2022 Amendments, the effective date of the 2020 Amendments was deferred to annual periods beginning on or after January 1, 2024. In addition, as a consequence of the 2020 Amendments and 2022 Amendments, Hong Kong Interpretation 5 *Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause* was revised to align the corresponding wording with no change in conclusion

5 As a consequence of the amendments to HKFRS 17 issued in October 2020, HKFRS 4 was amended to extend the temporary exemption that permits insurers to apply HKAS 39 rather than HKFRS 9 for annual periods beginning before January 1, 2023

6 An entity that chooses to apply the transition option relating to the classification overlay set out in this amendment shall apply it on initial application of HKFRS 17

Further information about those HKFRSs that are expected to be applicable to the Group is described below.

2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS (CONTINUED)

Amendments to HKFRS 10 and HKAS 28 (2011) address an inconsistency between the requirements in HKFRS 10 and in HKAS 28 (2011) in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require a full recognition of a gain or loss resulting from a downstream transaction when the sale or contribution of assets between an investor and its associate or joint venture constitutes a business. For a transaction involving assets that do not constitute a business, a gain or loss resulting from the transaction is recognized in the investor's profit or loss only to the extent of the unrelated investor's interest in that associate or joint venture. The amendments are to be applied prospectively. The previous mandatory effective date of amendments to HKFRS 10 and HKAS 28 (2011) was removed by the HKICPA in January 2016 and a new mandatory effective date will be determined after the completion of a broader review of accounting for associates and joint ventures. However, the amendments are available for adoption now.

Amendments to HKFRS 16 specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction to ensure the seller-lessee does not recognize any amount of the gain or loss that relates to the right of use it retains. The amendments are effective for annual periods beginning on or after January 1, 2024 and shall be applied retrospectively to sale and leaseback transactions entered into after the date of initial application of HKFRS 16 (i.e., January 1, 2019). Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to HKAS 1 *Classification of Liabilities as Current or Non-current* clarify the requirements for classifying liabilities as current or non-current, in particular the determination over whether an entity has a right to defer settlement of the liabilities for at least 12 months after the reporting period. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement of the liability. The amendments also clarify the situations that are considered a settlement of a liability. In 2022, the HKICPA issued the 2022 Amendments to further clarify that, among covenants of a liability arising from a loan arrangement, only those with which an entity must comply on or before the reporting date affect the classification of that liability as current or non-current. In addition, the 2022 Amendments require additional disclosures by an entity that classifies liabilities arising from loan arrangements as non-current when it has a right to defer settlement of those liabilities that are subject to the entity complying with future covenants within 12 months after the reporting period. The amendments are effective for annual periods beginning on or after January 1, 2024 and shall be applied retrospectively. Earlier application is permitted. An entity that applies the 2020 Amendments early is required to apply simultaneously the 2022 Amendments, and vice versa. The Group is currently assessing the impact of the amendments and whether existing loan agreements may require revision. Based on a preliminary assessment, the amendments are not expected to have any significant impact on the Group's financial statements.

2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS (CONTINUED)

Amendments to HKAS 1 *Disclosure of Accounting Policies* require entities to disclose their material accounting policy information rather than their significant accounting policies. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. Amendments to HKFRS Practice Statement 2 provide non-mandatory guidance on how to apply the concept of materiality to accounting policy disclosures. Amendments to HKAS 1 are effective for annual periods beginning on or after January 1, 2023 and earlier application is permitted. Since the guidance provided in the amendments to HKFRS Practice Statement 2 is non-mandatory, an effective date for these amendments is not necessary. The Group is currently revisiting the accounting policy disclosures to ensure consistency with the amendments.

Amendments to HKAS 8 clarify the distinction between changes in accounting estimates and changes in accounting policies. Accounting estimates are defined as monetary amounts in financial statements that are subject to measurement uncertainty. The amendments also clarify how entities use measurement techniques and inputs to develop accounting estimates. The amendments are effective for annual reporting periods beginning on or after January 1, 2023 and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to HKAS 12 narrow the scope of the initial recognition exception in HKAS 12 so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences, such as leases and decommissioning obligations. Therefore, entities are required to recognize a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability for temporary differences arising from these transactions. The amendments are effective for annual reporting periods beginning on or after January 1, 2023 and shall be applied to transactions related to leases and decommissioning obligations at the beginning of the earliest comparative period presented, with any cumulative effect recognized as an adjustment to the opening balance of accumulated losses or other component of equity as appropriate at that date. In addition, the amendments shall be applied prospectively to transactions other than leases and decommissioning obligations. Earlier application is permitted.

The Group has applied the initial recognition exception and did not recognize a deferred tax asset and a deferred tax liability for temporary differences for transactions related to leases. Upon initial application of these amendments, the Group will recognize deferred tax for all temporary differences related to leases at the beginning of the earliest comparative period presented. During the year, the Group has performed a detailed assessment on the impact of amendments to HKAS 12. The Group has estimated that it will recognize a deferred tax asset of RMB33,839,000 for deductible temporary differences associated with lease liabilities and a deferred tax liability of RMB36,219,000 for taxable temporary differences associated with right-of-use assets, and recognize the cumulative effect of initially applying the amendments as an adjustment to accumulated losses at April 1, 2022.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Investments in associates and joint ventures

An associate is an entity in which the Group has a long term interest of the equity voting rights and over which it is in a position to exercise significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The Group's investments in associates and joint ventures are stated in the consolidated statement of financial position at the Group's share of net assets under the equity method of accounting, less any impairment losses.

The Group's share of the post-acquisition results and other comprehensive income of associates and joint ventures is included in the consolidated statement of profit or loss and consolidated other comprehensive income, respectively. In addition, when there has been a change recognized directly in the equity of the associate or joint venture, the Group recognizes its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealized gains and losses resulting from transactions between the Group and its associates or joint ventures are eliminated to the extent of the Group's investments in the associates or joint ventures, except where unrealized losses provide evidence of an impairment of the assets transferred. Goodwill arising from the acquisition of associates or joint ventures is included as part of the Group's investments in associates or joint ventures.

If an investment in an associate becomes an investment in a joint venture or vice versa, the retained interest is not remeasured. Instead, the investment continues to be accounted for under the equity method. In all other cases, upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognizes any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognized in profit or loss.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Business combinations and goodwill

Except for business combination under common control, the Group accounted for its business combinations using the acquisition method. The consideration transferred is measured at the acquisition date fair value which is the sum of the acquisition date fair values of assets transferred by the Group, liabilities assumed by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of net assets in the event of liquidation at fair value or at the proportionate share of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at fair value. Acquisition-related costs are expensed as incurred.

The Group determines that it has acquired a business when the acquired set of activities and assets includes an input and a substantive process that together significantly contribute to the ability to create outputs.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts of the acquiree.

If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognized in profit or loss.

Any contingent consideration to be transferred by the acquirer is recognized at fair value at the acquisition date. Contingent consideration classified as an asset or liability is measured at fair value with changes in fair value recognized in profit or loss. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognized for non-controlling interests and any fair value of the Group's previously held equity interests in the acquiree over the identifiable assets acquired and liabilities assumed. If the sum of this consideration and other items is lower than the fair value of the net assets acquired, the difference is, after reassessment, recognized in profit or loss as a gain on bargain purchase.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Business combinations and goodwill (Continued)

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill as at March 31. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units ("CGUs"), or groups of CGUs, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the CGU (group of CGUs) to which the goodwill relates. Where the recoverable amount of the CGU (group of CGUs) is less than the carrying amount, an impairment loss is recognized. An impairment loss recognized for goodwill is not reversed in a subsequent period.

Where goodwill has been allocated to a CGU (or group of CGUs) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on the disposal. Goodwill disposed of in these circumstances is measured based on the relative value of the operation disposed of and the portion of the CGU retained.

Fair value measurement

The Group measures its financial assets at FVPL, bills receivable, an equity investment designated at FVOCI and contingent consideration included in other payables and accruals at fair value at the end of each reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair value measurement (Continued)

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 – based on quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly

Level 3 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories, deferred tax assets and financial assets), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or CGU's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the CGU to which the asset belongs. In testing a CGU for impairment, a portion of the carrying corporate asset (e.g., a headquarters building) is allocated to an individual CGU if it can be allocated on a reasonable and consistent basis or, otherwise, to the smallest group of CGUs.

An impairment loss is recognized only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to the statement of profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impairment of non-financial assets (Continued)

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognized impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognized impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortization) had no impairment loss been recognized for the asset in prior years. A reversal of such an impairment loss is credited to the statement of profit or loss in the period in which it arises.

Related parties

A party is considered to be related to the Group if:

(a) the party is a person or a close member of that person's family and that person

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

(b) the party is an entity where any of the following conditions applies:

(i) the entity and the Group are members of the same group;

(ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);

(iii) the entity and the Group are joint ventures of the same third party;

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Related parties (Continued)

(b) (Continued)

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group; and the sponsoring employers of the post-employment benefit plan;

(vi) the entity is controlled or jointly controlled by a person identified in (a);

(vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and

(viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

Property and equipment and depreciation

Property and equipment are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property and equipment have been put into operation, such as repairs and maintenance, is normally charged to the statement of profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalized in the carrying amount of the asset as a replacement. Where significant parts of property and equipment are required to be replaced at intervals, the Group recognizes such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Leasehold improvements	Over the shorter of lease terms and $17^1/_6\%$
Computer equipment, furniture and fixtures	20% to $33^1/_3\%$
Motor vehicles	20% to $33^1/_3\%$

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and equipment and depreciation (Continued)

Where parts of an item of property and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property and equipment including any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognized in the statement of profit or loss in the year the asset is derecognized is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Intangible assets (other than goodwill)

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value at the date of acquisition. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

Patents and licences

Patents and licences are stated at cost less any impairment losses and are amortized on the straight-line basis over their estimated useful lives of three years.

Brand name

The brand name is stated at cost less impairment losses and is amortized on the straight-line basis over its estimated useful life of 20 years.

Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases (Continued)

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases. The Group recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(a) Right-of-use assets

Right-of-use assets are recognized at the commencement date of the lease (that is the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease terms and the estimated useful lives of the assets as follows:

Retail outlets	1.5 to 9 years
Offices	2 to 3 years
Staff dormitories	1.1 to 2 years
Warehouses	2 to 3 years

(b) Lease liabilities

Lease liabilities are recognized at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for termination of a lease, if the lease term reflects the Group exercising the option to terminate the lease. The variable lease payments that do not depend on an index or a rate are recognized as an expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in lease payments (e.g., a change to future lease payments resulting from a change in an index or rate) or a change in assessment of an option to purchase the underlying asset.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases (Continued)

Group as a lessee (Continued)

(c) Short-term leases

The Group applies the short-term lease recognition exemption to its short-term leases of properties (that is those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). Lease payments on short-term leases are recognized as an expense on a straight-line basis over the lease term.

Group as a lessor

When the Group acts as a lessor, it classifies at lease inception (or when there is a lease modification) each of its leases as either an operating lease or a finance lease.

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. When a contract contains lease and non-lease components, the Group allocates the consideration in the contract to each component on a relative stand-alone selling price basis. Rental income is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as rental income. Contingent rents are recognized as revenue in the period in which they are earned.

Investments and other financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortized cost, fair value through other comprehensive income, and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient of not adjusting the effect of a significant financing component, the Group initially measures a financial asset at its fair value, plus in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under HKFRS 15 in accordance with the policies set out for "Revenue recognition" below.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments and other financial assets (Continued)

Initial recognition and measurement (Continued)

In order for a financial asset to be classified and measured at amortized cost or fair value through other comprehensive income, it needs to give rise to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortized cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows, while financial assets classified and measured at fair value through other comprehensive income are held within a business model with the objective of both holding to collect contractual cash flows and selling. Financial assets which are not held within the aforementioned business models are classified and measured at fair value through profit or loss.

All regular way purchases and sales of financial assets are recognized on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at amortized cost (debt instruments)

Financial assets at amortized cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognized in the statement of profit or loss when the asset is derecognized, modified or impaired.

Financial assets at fair value through other comprehensive income (debt instruments)

For debt investments at fair value through other comprehensive income, interest income, foreign exchange revaluation and impairment losses or reversals are recognized in the statement of profit or loss and computed in the same manner as for financial assets measured at amortized cost. The remaining fair value changes are recognized in other comprehensive income. Upon derecognition, the cumulative fair value change recognized in other comprehensive income is recycled to the statement of profit or loss.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments and other financial assets (Continued)

Subsequent measurement (Continued)

Financial assets designated at fair value through other comprehensive income (equity investments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity investments designated at fair value through other comprehensive income when they meet the definition of equity under HKAS 32 *Financial Instruments: Presentation* and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to the statement of profit or loss. Dividends are recognized as other income in the statement of profit or loss when the right of payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case such gains are recorded in other comprehensive income. Equity investments designated at fair value through other comprehensive income are not subject to impairment assessment.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognized in the statement of profit or loss.

This category includes derivative instruments and equity investments which the Group had not irrevocably elected to classify at fair value through other comprehensive income. Dividends on equity investments classified as financial assets at fair value through profit or loss are also recognized as other income in the statement of profit or loss when the right of payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

A derivative embedded in a hybrid contract, with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if the economic characteristics and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at fair value through profit or loss. Embedded derivatives are measured at fair value with changes in fair value recognized in the statement of profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss category.

A derivative embedded within a hybrid contract containing a financial asset host is not accounted for separately. The financial asset host together with the embedded derivative is required to be classified in its entirety as a financial asset at fair value through profit or loss.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e., removed from the Group's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognize the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognize an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

The Group recognizes an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impairment of financial assets (Continued)

General approach

ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

At each reporting date, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information. The Group considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

The Group considers a financial asset in default when unsettled contractual payments are aged more than two years. The Group has rebutted the 90 days past due presumption of default based on reasonable and supportable information, including the Group's credit risk control practices and the historical recovery rate of financial assets over 90 days past due. However, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.

For debt investments at fair value through other comprehensive income, the Group applies the low credit risk simplification. At each reporting date, the Group evaluates whether the debt investments are considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort. However, when there has been a significant increase in credit risk of debt investments since origination, the allowance will be based on the lifetime ECL.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impairment of financial assets (Continued)

General approach (Continued)

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows. Debt investments at fair value through other comprehensive income and financial assets at amortized cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade receivables which apply the simplified approach as detailed below.

Stage 1	–	Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs
Stage 2	–	Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs
Stage 3	–	Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

Simplified approach

For trade receivables that do not contain a significant financing component or when the Group applies the practical expedient of not adjusting the effect of a significant financing component, the Group applies the simplified approach in calculating ECLs. Under the simplified approach, the Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For lease receivables, the Group chooses as its accounting policy to adopt the simplified approach in calculating ECLs with policies as described above.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss and financial liabilities at amortized cost.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and bills payables, and other financial liabilities included in other payables and lease liabilities.

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by HKFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognized in the statement of profit or loss. The net fair value gain or loss recognized in the statement of profit or loss does not include any interest charged on these financial liabilities.

Financial liabilities designated upon initial recognition as at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in HKFRS 9 are satisfied. Gains or losses on liabilities designated at fair value through profit or loss are recognized in the statement of profit or loss, except for the gains or losses arising from the Group's own credit risk which are presented in other comprehensive income with no subsequent reclassification to the statement of profit or loss. The net fair value gain or loss recognized in the statement of profit or loss does not include any interest charged on these financial liabilities.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial liabilities (Continued)

Subsequent measurement (Continued)

Financial liabilities at amortized cost

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognized in the statement of profit or loss when the liabilities are derecognized as well as through the effective interest rate amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortization is included in finance costs in the statement of profit or loss.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities designated upon initial recognition as at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in HKFRS 9 are satisfied. Gains or losses on liabilities designated at fair value through profit or loss are recognized in the statement of profit or loss, except for the gains or losses arising from the Group's own credit risk which are presented in other comprehensive income with no subsequent reclassification to the statement of profit or loss. The net fair value gain or loss recognized in the statement of profit or loss does not include any interest charged on these financial liabilities.

Derecognition of financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognized in the statement of profit or loss.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

Treasury shares

Own equity instruments which are reacquired and held by the Company or the Group (treasury shares) are recognized directly in equity at cost. No gain or loss is recognized in the statement of profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments.

Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is determined on the weighted average basis. Net realizable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

For the purpose of the consolidated statement of financial position, cash and cash equivalents comprise cash on hand and at banks, including term deposits, and assets similar in nature to cash, which are not restricted as to use.

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognized outside profit or loss is recognized outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income tax (Continued)

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, and the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilized, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries, associates and joint ventures, deferred tax assets are only recognized to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are reassessed at the end of each reporting period and are recognized to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income tax (Continued)

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset if and only if the Group has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realize the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Government grants

Government grants are recognized at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognized as income on a systematic basis over the periods that the costs, for which it is intended to compensate, are expensed.

Revenue recognition

Revenue from contracts with customers

Revenue from contracts with customers is recognized when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which the Group will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognized will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

The Group reports revenue on a gross or net basis depending on whether the Group is acting as a principal or an agent in a transaction. The Group is a principal if it controls the specified product or service before that product or service is transferred to a customer or it has a right to direct others to provide the product or service to the customer on the Group's behalf. Indicators that the Group is a principal include, but are not limited to, whether the Group (i) is primarily responsible for fulfilling the promise to provide the specified good or service; (ii) has inventory risk before the specified good or service has been transferred to a customer or after transfer of control to the customer and (iii) has discretion in establishing the price for the specified good or service, etc.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue recognition (Continued)

Revenue from contracts with customers (Continued)

When the contract contains a financing component which provides the customer with a significant benefit of financing the transfer of goods or services to the customer for more than one year, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception. When the contract contains a financing component which provides the Group with a significant financial benefit for more than one year, revenue recognized under the contract includes the interest expense accreted on the contract liability under the effective interest method. For a contract where the period between the payment by the customer and the transfer of the promised goods or services is one year or less, the transaction price is not adjusted for the effects of a significant financing component, using the practical expedient in HKFRS 15.

(a) Revenues from the pharmaceutical direct sales business:

Sale of pharmaceutical and healthcare products

The Group is engaged in the sale of pharmaceutical and healthcare products to individual customers ("business-to-customer" or "B2C") through its online stores on Tmall.com ("Tmall") and its offline pharmacy outlets, and to merchant customers ("business-to-business", or "B2B"). Revenue from the sale of pharmaceutical and healthcare products is recorded net of discounts and recognized when the goods are delivered to individual customers, either by third party couriers or at the offline outlets, or to merchant customers by third party couriers. For contracts which provide a customer with a right to return the goods within a specified period, the expected value method is used to estimate the goods that will not be returned because this method best predicts the amount of variable consideration to which the Group will be entitled. The requirements in HKFRS 15 on constraining estimates of variable consideration are applied in order to determine the amount of variable consideration that can be included in the transaction price.

Marketing services

The Group provides marketing services to pharmaceutical brands primarily through display of impressions or clicks of the pharmaceutical brands' advertisements on various online platforms and mobile apps. The fee from pharmaceutical brands is charged primarily during the period over which the marketing services are provided.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue recognition (Continued)

Revenue from contracts with customers (Continued)

(b) Revenues from the pharmaceutical E-commerce platform business:

Outsourced and value-added services to Tmall Entities

The Group provides outsourced and value-added services to Tmall Entities*, in relation to certain categories of products or services sold or provided on Tmall. The outsourced and value-added services include business development for merchants, customer services on behalf of merchants, marketing event planning for merchants and technical support and assistance to the Tmall Entities' business team. Revenue from the outsourced and value-added services is determined as a percentage of the fees paid by merchants to the Tmall Entities in respect of the transaction amount of completed sales of products or services under certain categories on Tmall and recognized when services are rendered and the underlying transactions of merchants are completed.

E-commerce platform services

The Group provides to merchants on the Tmall e-commerce platform maintenance related software services in respect of merchant admission, product quality control, and merchant operational and maintenance support, and earns commissions from merchants generally at 3% of the transaction amounts of merchandise being sold on Tmall by merchants. Revenue of the commissions is recognized at the time when the underlying sale of merchandise by merchants on Tmall is completed.

* Zhejiang Tmall Network Co., Ltd. (浙江天貓網絡有限公司) and Zhejiang Tmall Technology Co., Ltd. (浙江天貓技術有限公司)

(c) Revenues from the healthcare and digital services business

The Group provides a variety of standardized service packages that integrate services provided by various medical and healthcare organizations to meet the health-related needs of the users, such as health check-ups, genetic testing and vaccine inoculation. The Group principally generates revenue from selling the standardized service packages to individual customers or corporate customers. Different types of service packages provide the customers with a specific number of times of services for each service offered in the package. Revenue is recognized upon the individual service is rendered to customers.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue recognition (Continued)

Revenue from contracts with customers (Continued)

(c) Revenues from the healthcare and digital services business (Continued)

The Group, through its online stores on Tmall and mobile apps, facilitates the provision of services by medical and healthcare service organizations to end customers. The Group provides to medical and healthcare service organizations with e-commerce platform maintenance related software services, customer consultation, reservation and other value-added services and charges a service fee at a percentage of the amount of the transaction entered into by the medical and healthcare service providers and their customers, or at a fixed price per reservation through the Group's online stores. The revenue is recognized at the time when the underlying transaction is completed by the medical and healthcare service provider through Tmall.

The Group also provides marketing services to medical and healthcare service organizations primarily through display of impressions or clicks of the advertisement in particular areas of web pages or mobile apps. The fee from medical and healthcare service organizations is charged primarily during the period over which the marketing services are provided.

The Group also provides multi-faceted, multi-level, professional and convenient health consultation services to users through their engaged professionals, such as medical practitioners, pharmacists and nutritionists. The Group charges a fixed consultation fee to the user and recognizes revenue at the time when the service is rendered to the user.

The Group also provides integrated online and offline services by building an Internet hospital to provide effective communication between doctors and patients. Customers can directly consult with doctors on the platform and receive pharmaceutical products, which will be directly delivered to patients by self-operated pharmacies or qualified third-party institutions. The revenue is recognized when the goods are received.

The Group also renders series of services to the customers through its product tracking platforms, including product track and trace and the digital healthcare business. Revenue is recognized over the period when the underlying services are provided.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue recognition (continued)

Other income

Interest income is recognized on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

Dividend income is recognized when the shareholders' right to receive payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

Contract liabilities

A contract liability is recognized when a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognized as revenue when the Group performs under the contract (i.e., transfers control of the related goods or services to the customer).

Costs of services

Costs of services comprise labor, other costs of personnel directly engaged in providing the services and attributable overhead costs for technical support and other direct costs of services purchased.

Fulfilment

Fulfilment primarily consists of those costs incurred in warehousing, logistics, operation and customer services, which are associated with the Group's online direct sales business.

Finance costs

Finance costs are interest on lease liabilities of the Group.

Share-based payments

The Company operates a share award scheme for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Employees (including directors) of the Group receive remuneration in the form of share-based payments, whereby employees render services in exchange for equity instruments ("equity-settled transactions"). During the year ended March 31, 2023, certain employees of Alibaba Group transferred to the Company restricted share units ("RSUs") granted by Alibaba Group to these employees were not forfeited after to the transfer. The Company has the obligation to settle all RSUs vested during these employees' service period in the Company, and measures the transaction as cash-settled share-based payments ("cash-settled transactions").

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Share-based payments (Continued)

The cost of equity-settled transactions with employees for grants after 7 November 2002 is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an external valuer using a binomial model, further details of which are given in note 29 to the financial statements.

The cost of equity-settled transactions is recognized in employee benefit expense, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognized for equity-settled transactions at the end of each reporting period until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to the statement of profit or loss for a period represents the movement in the cumulative expense recognized as at the beginning and end of that period.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

For awards that do not ultimately vest because non-market performance and/or service conditions have not been met, no expense is recognized. Where awards include a market or non-vesting condition, the transactions are treated as vesting irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognized as if the terms had not been modified, if the original terms of the award are met. In addition, an expense is recognized for any modification that increases the total fair value of the share-based payments, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognized for the award is recognized immediately. This includes any award where non-vesting conditions within the control of either the Group or the employee are not met. However, if a new award is substituted for the cancelled award, and is designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Share-based payments (Continued)

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of earnings per share.

For cash-settled transactions, the fair value is expensed over the period until the vesting date with recognition of a corresponding liability. The cost of cash-settled transactions is recognized in employee benefit expense, together with a corresponding increase in liability, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognized for cash-settled transactions at the end of each reporting period until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to the statement of profit or loss for a period represents the movement in the cumulative expense recognized as at the beginning and end of that period.

Other employee benefits

Pension schemes

The Group operates a defined contribution Mandatory Provident Fund retirement benefit scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance for those eligible Hong Kong employees. Contributions are made based on a percentage of the employees' basic salaries and are charged to the statement of profit or loss as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme.

Full-time employees of the Group's subsidiaries which operate in Mainland China are required to participate in a defined contribution scheme operated by the local municipal government. These subsidiaries are required to contribute a certain percentage of their payroll costs to the defined contribution scheme which includes pension, medical care, unemployment insurance, employee housing fund and other welfare. The contributions are charged to the statement of profit or loss as they become payable in accordance with the rules of the defined contribution scheme. The Group has no legal obligation for the benefits beyond the contributions made.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalized as part of the cost of those assets. The capitalization of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs capitalized. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Dividends

Final dividends are recognized as a liability when they are approved by the shareholders in a general meeting. Proposed final dividends are disclosed in the notes to the financial statements.

Interim dividends are simultaneously proposed and declared, because the Company's memorandum and articles of association grant the directors the authority to declare interim dividends. Consequently, interim dividends are recognized immediately as a liability when they are proposed and declared.

Foreign currencies

The Company's functional currency is HK$, while these financial statements are presented in RMB. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognized in the statement of profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognized in other comprehensive income or profit or loss is also recognized in other comprehensive income or profit or loss, respectively).

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Foreign currencies (Continued)

In determining the exchange rate on initial recognition of the related asset, expense or income on the derecognition of a non-monetary asset or non-monetary liability relating to an advance consideration, the date of initial transaction is the date on which the Group initially recognizes the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of the advance consideration.

The functional currencies of certain overseas subsidiaries, joint ventures and associates are currencies other than the RMB. As at the end of the reporting period, the assets and liabilities of these entities are translated into RMB at the exchange rates prevailing at the end of the reporting period and their statements of profit or loss are translated into RMB at the weighted average exchange rates for the year.

The resulting exchange differences are recognized in other comprehensive income and accumulated in the exchange fluctuation reserve. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognized in the statement of profit or loss.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on acquisition are treated as assets and liabilities of the foreign operation and translated at the closing rate.

For the purpose of the consolidated statement of cash flows, the cash flows of overseas subsidiaries are translated into RMB at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of overseas subsidiaries which arise throughout the year are translated into RMB at the weighted average exchange rates for the year.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognized in the financial statements:

Accounting for companies governed under contractual arrangements as subsidiaries

The Company and some of its subsidiaries do not hold any equity interests in certain of their subsidiaries. Nevertheless, under the contractual agreements entered into between the Group and the shareholders who are the registered owners of those subsidiaries, the directors of the Company determine that the Group has the power to govern the financial and operating policies of those subsidiaries so as to obtain benefits from their activities. As such, those subsidiaries are accounted for as subsidiaries of the Group for accounting purposes.

Principal versus agent considerations

In determining whether the Group is acting as a principal or as an agent in the sales of goods and provision of services, requires judgement and consideration of all relevant facts and circumstances. In evaluation of the Group acting as a principal or an agent, the Group considers whether it obtains control of the good or service before that good or service is transferred to a customer, including whether the Group is primarily responsible for fulfilling the promise to provide the specified good or service, has inventory risk before the specified good or service has been transferred to a customer or after transfer of control to the customer (for example, if the customer has a right of return), has discretion in establishing the price for the specified good or service.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the CGUs to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the CGUs and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of goodwill at March 31, 2023 was RMB810,853,000 (2022: RMB810,853,000). Further details are given in note 14.

Provision for expected credit losses on trade receivables

The Group uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on ageing for groupings of various customers that have similar loss patterns (i.e., by customer type).

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults in the pharmaceutical and healthcare businesses, the historical default rates are adjusted. At each reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed.

The assessment of the correlation among historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of a customer's actual default in the future. The information about the ECLs on the Group's trade receivables is disclosed in note 19 to the financial statements.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

Estimation uncertainty (continued)

Fair value of financial instruments at FVPL or FVOCI

The investments in unlisted equity investments have been valued based on a market-based valuation technique as detailed in note 35 to the financial statements. The valuation requires the Group to determine the comparable public companies (peers) and select the price multiple. In addition, the Group makes estimates about the discount for illiquidity. The Group classifies the fair value of these investments as Level 3. The fair value of the unlisted equity investments at March 31, 2023 was RMB2,005,354,000 (2022: RMB1,795,133,000). Further details are included in notes 22 and 23 to the financial statements.

Part of purchase considerations of acquisitions of the Group was regarded as contingent consideration and recognized as financial liabilities at fair value and remeasured at the end of the reporting period. Determination of fair value requires management's judgement and estimates and is based on assumptions. The fair value of the contingent consideration included in other payables and accruals is determined using the discounted cash flow method. In arriving at the assessed values, the Group was required to make financial forecast, and determine discount rate. The Group classifies the fair value of this financial liability as Level 3. The carrying amount of contingent consideration at March 31, 2023 was RMB65,292,000 (2022: RMB106,431,000). Further details, including the key assumptions used for fair value measurement, is given in notes 35 to the financial statements.

Deferred tax assets

Deferred tax assets are recognized for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Significant management judgement is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

Impairment of inventories

Management reviews the ageing and expiry dates of inventories of the Group at the end of each reporting period, and makes provision or write-off on obsolete and slow-moving inventory items identified that are no longer suitable for sale. Management estimates the net realizable value for such inventories based primarily on the available selling prices, estimated costs to be incurred to sale and current market conditions. If the market condition was to deteriorate so that the actual provision might be higher than expected, the Group would be required to revise the basis of making the provision and its future results would be affected.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

Estimation uncertainty (continued)

Impairment of investments in associates

The Group assesses whether there are any indicators of impairment for investments in associates at the end of each reporting period. Investments in associates are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying amount of an investment in an associate exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The Group elects to calculate the recoverable amounts using fair value less costs of disposal. The fair value is developed through the application of the income approach technique known as the discounted cash flow method, management must estimate the expected future cash flows from the investment in an associate and choose a suitable discount rate in order to calculate the present value of those cash flows.

Leases – estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in a lease, and therefore, it uses an incremental borrowing rate ("IBR") to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group "would have to pay", which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when it needs to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency). The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating).

Measurement of share-based compensation expenses

The Company has adopted a share award scheme. Share-based compensation expenses are recorded net of estimated forfeitures in the consolidated statement of profit or loss and are recorded for those share-based awards that are expected to vest. Determining the fair value of share options requires significant judgement. The Company estimates the fair value of its share options using the binomial model, which requires the Group to make estimates about inputs, such as expected volatility, the expected dividend yield, exercise multiple, risk-free interest rate and the expected forfeiture rate, and hence it is subject to uncertainty.

4. OPERATING SEGMENT INFORMATION

The Group is primarily engaged in the pharmaceutical direct sales business, pharmaceutical e-commerce platform business and healthcare and digital services business. Given that the chief operating decision maker of the Company considers that the Group's business is operated and managed as a single segment of distribution and development of pharmaceutical and healthcare business, no further segment information is presented.

Geographical information

As at March 31, 2023, over 95% (2022: 95%) of the Group's revenue from external customers and non-current assets other than financial instruments and deferred tax assets attributed to Mainland China as determined based on the locations of customers and assets, respectively.

Information about a major customer

During the year ended March 31, 2023, there was no revenue derived from transactions with a single external customer which amounted to 10% or more of the Group's revenue (2022: Nil).

5. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue from contracts with customers is as follows:

	2023	2022
	RMB'000	*RMB'000*
Pharmaceutical direct sales business	**23,591,577**	17,911,088
Pharmaceutical e-commerce platform business	**2,237,953**	2,025,855
Healthcare and digital services business	**933,486**	640,673
	26,763,016	20,577,616

Considering the continuous evolution of Xiaolu traditional Chinese medicine e-commerce platform business and the strategic deployment of management in cosmetic medicine and other non-pharmaceutical services, Tmall pharmaceutical e-commerce platform business and Xiaolu traditional Chinese medicine e-commerce platform business (previously under healthcare and digital services business) were integrated into pharmaceutical e-commerce platform business, while cosmetic medicine and other non-pharmaceutical services (previously under pharmaceutical e-commerce platform business) were included in healthcare and digital services business to better reflect the Group's current business and revenue streams, and the corresponding comparative amounts have been reclassified and restated to conform with the current year's presentation.

5. REVENUE, OTHER INCOME AND GAINS (CONTINUED)

(i) Disaggregated revenue information

	2023	2022
	RMB'000	*RMB'000*
Type of goods or services:		
Sale of products	**22,578,076**	17,128,890
Provision of services	**4,184,940**	3,448,726
	26,763,016	20,577,616
Timing of revenue recognition:		
At a point in time	**25,036,819**	19,263,318
Over time	**1,726,197**	1,314,298
	26,763,016	20,577,616

The following table shows the amounts of revenue recognized in the reporting period that were included in the contract liabilities at the beginning of the reporting period:

	2023	2022
	RMB'000	*RMB'000*
Sale of products	**3,985**	3,815
Provision of services	**256,693**	182,703
	260,678	186,518

5. REVENUE, OTHER INCOME AND GAINS (CONTINUED)

(ii) Performance obligations

Information about the Group's performance obligations is summarized below:

Sale of products

The performance obligation is satisfied upon delivery of the pharmaceutical and healthcare products. For B2C pharmacy sales, payment is received from the payment platform, i.e. Alipay.com Co., Ltd. (支付寶(中國)網絡技術有限公司) ("Alipay"), when the receipt of goods is confirmed by customers or by the payment platform automatically within a pre-specified period of time after delivery. For B2B pharmacy sales, payment is generally due within 30 to 90 days, except for new customers, where payment in advance is normally required. Some contracts provide customers with a right of return which gives rise to variable consideration subject to constraint.

Provision of services

The performance obligation is satisfied over time or at a point in time as marketing services, outsourced and value-added services, E-commerce platform services and healthcare and digital services are rendered to Tmall Entities. Payment is generally received upon the completion of the underlying transactions, prior to the provision of services on a full prepayment basis, or due within 30 to 90 days.

The Group has elected the practical expedient for not to disclose the remaining performance obligations because the performance obligations are part of contracts with original expected duration of one year or less (2022: one year or less).

5. REVENUE, OTHER INCOME AND GAINS (CONTINUED)

	2023 *RMB'000*	2022 *RMB'000*
Other income		
Bank interest income	**330,442**	209,664
Government grants#	**83,033**	75,637
Management fee income	**9,452**	20,674
Other interest income	**1,146**	174
Technical services income	**–**	4,000
Dividend income	**–**	3,741
Others	**6,681**	2,231
	430,754	316,121
Gains		
Foreign exchange differences, net	**72,064**	39,701
Fair value gains on financial assets at fair value through profit or loss	**47,917**	162,062
Gain on deemed disposal of interests in associates	**41,474**	381,392
Gain on partial disposal of interests in an associate	**22,847**	–
Gain on recognition of net investments in subleases	**2,649**	–
Covid-19-related rent concessions from lessors	**299**	76
Gain on disposal of property and equipment	**65**	142
	187,315	583,373
Total	**618,069**	899,494

Government grants mainly represented incentives received for investments in certain regions in Mainland China in which the Company's subsidiaries operate as well as additional value-added tax deductibles and other tax benefits.

6. PROFIT/(LOSS) BEFORE TAX

The Group's profit/(loss) before tax is arrived at after charging:

	Notes	2023 RMB'000	2022 RMB'000
Cost of goods sold*		**18,814,630**	14,645,711
Cost of services provided* (excluding employee benefit expenses)		**2,031,341**	1,723,443
Depreciation of property and equipment	12	**9,514**	9,978
Depreciation of right-of-use assets	13(a)	**36,692**	38,693
Amortization of intangible assets	15	**17,513**	11,905
Lease payments not included in the measurement of lease liabilities	13(c)	**1,126**	878
Impairment loses of financial assets**			
Impairment of trade receivables	19	**1,824**	132
Impairment of other receivables	20	**11,518**	–
		13,342	132
Impairment of inventories*		**159,591**	48,328
Impairment of investment of a joint venture**	16	**–**	1,357
Fair value loss on contingent consideration included in other payables and accruals**		**19,811**	2,782
Loss on revision of lease terms arising from changes in the non-cancellable periods of leases**	13(c)	**3,167**	–
Loss on deregistration of subsidiaries**		**1,308**	–
Auditor's remuneration		**3,980**	3,470
Employee benefit expense (including directors' and chief executive's remuneration)			
Wages and salaries		**658,918**	677,005
Bonuses		**202,085**	166,970
Pension scheme contributions#		**53,151**	51,171
Share-based compensation expenses	29	**308,890**	408,098
		1,223,044	1,303,244

* These items are included in "Cost of revenue" in the consolidated statement of profit or loss.

** These items are included in "Other expenses and losses" in the consolidated statement of profit or loss.

\# There are no forfeited contributions that may be used by the Group as the employer to reduce the existing level of contributions.

7. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION

Directors' and chief executive's remuneration for the year, disclosed pursuant to the Rules Governing the Listing of Securities on The Stock Exchange (the "Listing Rules"), section 383(1)(a), (b), (c) and (f) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, is as follows:

	2023 *RMB'000*	2022 *RMB'000*
Fees	**1,269**	1,197
Other emoluments:		
Salaries, allowances and benefits in kind	**4,753**	4,645
Performance related bonuses	**5,093**	4,550
Share-based compensation expenses	**10,966**	16,901
Pension scheme contributions	**162**	143
	20,974	26,239
	22,243	27,436

During the year ended March 31, 2023, three directors (2022: three) of the Company were granted share options and RSUs, in respect of their services to the Group, under the share award scheme of the Company, further details of which are set out in note 29 to the financial statements. The fair values of such options and RSUs, which have been recognized in the consolidated statement of profit or loss over the vesting period, were determined as at the date of grant and the amounts included in the financial statements for the current and prior years are included in the above directors' and chief executive's remuneration disclosures.

(a) Independent non-executive directors

The fees paid to independent non-executive directors during the year were as follows:

	2023 *RMB'000*	2022 *RMB'000*
Mr. Wong King On, Samuel	**609**	575
Mr. Luo Tong	**330**	311
Ms. Huang Yi Fei	**330**	311
	1,269	1,197

There were no other emoluments payable to the independent non-executive directors during the year (2022: Nil).

7. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION (CONTINUED)

(b) Executive directors and non-executive directors

	Fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Performance related bonuses RMB'000	Share-based compensation expenses RMB'000	Pension scheme contributions RMB'000	Total remuneration RMB'000
2023						
Executive directors:						
Mr. Zhu Shunyan#	**–**	**2,175**	**2,668**	**6,422**	**60**	**11,325**
Mr. Shen Difan	**–**	**1,475**	**1,715**	**3,178**	**38**	**6,406**
Mr. Tu Yanwu	**–**	**1,103**	**710**	**1,366**	**64**	**3,243**
	–	**4,753**	**5,093**	**10,966**	**162**	**20,974**
Non-executive directors:						
Mr. Li Faguang	**–**	**–**	**–**	**–**	**–**	**–**
	–	**–**	**–**	**–**	**–**	**–**
2022						
Executive directors:						
Mr. Zhu Shunyan#	–	2,148	3,168	11,203	53	16,572
Mr. Shen Difan	–	1,453	915	4,019	32	6,419
Mr. Tu Yanwu	–	1,044	467	1,679	58	3,248
	–	4,645	4,550	16,901	143	26,239
Non-executive directors:						
Mr. Li Faguang	–	–	–	–	–	–
	–	–	–	–	–	–

Mr. Zhu Shun Yan is the chief executive of the Group.

During the year ended March 31, 2023, there was no (2022: no) arrangement under which a director waived or agreed to waive any remuneration and no remuneration was paid by the Group to a director as an inducement to join or upon joining the Group or as compensation for loss of office.

8. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year included two (2022: three) directors, details of whose remuneration are set out in note 7 above. Details of the remuneration for the year of the remaining three (2022: two) non-directors, highest paid employees who are neither a director nor chief executive of the Company are as follows:

	2023 *RMB'000*	2022 *RMB'000*
Salaries, allowances and benefits in kind	**4,223**	5,094
Performance related bonuses	**2,502**	2,324
Share-based compensation expenses	**8,232**	10,948
Pension scheme contributions	**180**	174
	15,137	18,540

The number of non-director, highest paid employees whose remuneration fell within the following bands is as follows:

	Number of employees	
HK$4,000,001 to HK$4,500,000	–	1
HK$4,500,001 to HK$5,000,000	1	–
HK$6,000,001 to HK$6,500,000	1	–
HK$6,500,001 to HK$7,000,000	–	1
HK$7,000,001 to HK$7,500,000	1	–
	3	2

During the years ended March 31, 2023 and March 31, 2022, share options and RSUs were granted to non-director and non-chief executive highest paid employees in respect of their services to the Group, further details of which are included in the disclosures in note 29 to the financial statements. The fair values of such options and RSUs, which have been recognized in the statement of profit or loss over the vesting period, were determined as at the date of grant and the amounts included in the financial statements for the current and prior years are included in the above non-director and non-chief executive highest paid employees' remuneration disclosures.

9. INCOME TAX

	2023 *RMB'000*	2022 *RMB'000*
Current – Hong Kong		
Charge for the year	**704**	118
Underprovision in prior years	**65**	–
Current – Mainland China		
Charge for the year	**29,225**	34,406
Underprovision in prior years	**1,201**	–
Deferred *(note 27)*	**(14,464)**	(21,097)
Total tax charge for the year	**16,731**	13,427

Hong Kong profits tax has been provided at the rate of 16.5% (2022: 16.5%) on the estimated assessable profits arising in Hong Kong during the year.

In Mainland China, the companies are subject to the PRC corporate income tax rate of 25%, except for two (2022: two) PRC subsidiaries which are entitled to a preferential tax rate of 15% because they are accredited as High and New Technology Enterprises.

No tax attributable to joint ventures was included in "Share of profits or losses of joint ventures" in the consolidated statement of profit or loss (2022: Nil).

The share of tax charge attributable to associates of approximately RMB4,695,000 (2022: RMB5,590,000) is included in "Share of profits/(losses) of associates" in the consolidated statement of profit or loss.

9. INCOME TAX (CONTINUED)

A reconciliation of the tax expense applicable to profit/(loss) before tax at the statutory rate for the jurisdictions in which the Company and the majority of its subsidiaries are domiciled to the tax expense at the effective tax rate, and a reconciliation of the applicable rate (i.e., the statutory tax rate) to the effective tax rate, are as follows:

2023

	Hong Kong		Mainland China		Total	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Profit before tax	85,871		465,123		550,994	
Tax at the statutory tax rate	14,169	16.5	116,281	25.0	130,450	23.7
Effect of preferential tax treatment enacted by local authority	–	–	(57,672)	(12.4)	(57,672)	(10.5)
Adjustments in respect of current tax of previous periods	65	0.1	1,201	0.2	1,266	0.2
Non-deductible expenses and non-taxable income, net	(14,145)	(16.5)	8,355	1.8	(5,790)	(1.1)
Research and development super deduction	–	–	(47,021)	(10.1)	(47,021)	(8.5)
Tax losses recognized/utilized from previous periods	–	–	(95,766)	(20.6)	(95,766)	(17.3)
Tax losses and deductible temporary differences not recognized	3,309	3.8	76,214	16.4	79,523	14.4
Withholding tax in the PRC	11,741	13.7	–	–	11,741	2.1
Tax charge at the Group's effective rate	15,139	17.6	1,592	0.3	16,731	3.0

9. INCOME TAX (CONTINUED)

2022

	Hong Kong		Mainland China		Total	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Loss before tax	(101,510)		(151,004)		(252,514)	
Tax at the statutory tax rate	(16,749)	16.5	(37,751)	25.0	(54,500)	21.6
Effect of preferential tax treatment enacted by local authority	–	–	(33,613)	22.3	(33,613)	13.3
Non-deductible expenses and non-taxable income, net	9,414	(9.3)	(21,556)	14.3	(12,142)	4.8
Research and development super deduction	–	–	(29,511)	19.5	(29,511)	11.7
Tax losses utilized from previous periods	–	–	(20,783)	13.8	(20,783)	8.2
Tax losses and deductible temporary differences not recognized	6,751	(6.7)	152,501	(101.0)	159,252	(63.1)
Withholding tax in the PRC	4,724	(4.7)	–	–	4,724	(1.9)
Tax charge at the Group's effective rate	4,140	(4.1)	9,287	(6.2)	13,427	(5.3)

10. EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic earnings per share (2022: loss per share) amount is based on the profit for the year attributable to owners of the parent of RMB533,407,000 (2022: loss of RMB265,555,000), and the weighted average number of ordinary shares of 13,503,050,886 in issue during the year (2022: 13,482,634,084).

No adjustment has been made to the basic loss per share amount presented for the year ended March 31, 2022 in respect of a dilution as the impact of share options and RSUs outstanding had an anti-dilutive effect on the basic loss per share amount presented.

10. EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT (CONTINUED)

The calculation of the diluted earnings per share amount for the year ended March 31, 2023 is based on the profit for the year ended March 31, 2023 attributable to ordinary equity holders of the parent. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during the year ended March 31, 2023, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise of all dilutive potential ordinary shares into ordinary shares.

The calculations of basic and diluted earnings/(loss) per share are based on:

	2023 *RMB'000*	2022 *RMB'000*
Earnings/(loss)		
Profit/(loss) attributable to ordinary equity holders of the parent, used in the basic earnings/(loss) per share calculation	**533,407**	(265,555)

	Number of shares	
	2023	2022
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic earnings/(loss) per share calculation	**13,503,050,886**	13,482,634,084
Effect of dilution – weighted average number of ordinary shares:		
Share options	**665,770**	–
Restricted share units	**37,862,990**	–
	13,541,579,646	13,482,634,084

11. DIVIDENDS

The board does not recommend the payment of dividend for the year ended March 31, 2023 (2022: Nil).

12. PROPERTY AND EQUIPMENT

	Leasehold improvements *RMB'000*	Computer equipment, furniture and fixtures *RMB'000*	Motor vehicles *RMB'000*	Total *RMB'000*
March 31, 2023				
At April 1, 2022:				
Cost	25,343	74,493	307	100,143
Accumulated depreciation	(15,340)	(64,320)	(307)	(79,967)
Net carrying amount	10,003	10,173	–	20,176
Cost at April 1, 2022, net of accumulated depreciation	10,003	10,173	–	20,176
Additions	2,051	3,561	–	5,612
Disposals	(250)	(98)	–	(348)
Deregistration of subsidiaries	(1,218)	(473)	–	(1,691)
Depreciation provided during the year *(note 6)*	(3,901)	(5,613)	–	(9,514)
Cost at March 31, 2023, net of accumulated depreciation	6,685	7,550	–	14,235
At March 31, 2023:				
Cost	25,094	71,140	307	96,541
Accumulated depreciation	(18,409)	(63,590)	(307)	(82,306)
Net carrying amount	6,685	7,550	–	14,235

12. PROPERTY AND EQUIPMENT (CONTINUED)

	Leasehold improvements *RMB'000*	Computer equipment, furniture and fixtures *RMB'000*	Motor vehicles *RMB'000*	Total *RMB'000*
March 31, 2022				
At April 1, 2021:				
Cost	16,105	78,275	307	94,687
Accumulated depreciation	(10,940)	(70,015)	(304)	(81,259)
Net carrying amount	5,165	8,260	3	13,428
Cost at April 1, 2021, net of accumulated depreciation	5,165	8,260	3	13,428
Acquisition of subsidiaries	1,482	2,028	–	3,510
Additions	7,756	7,174	–	14,930
Disposals	–	(1,714)	–	(1,714)
Depreciation provided during the year *(note 6)*	(4,400)	(5,575)	(3)	(9,978)
Cost at March 31, 2022, net of accumulated depreciation	10,003	10,173	–	20,176
At March 31, 2022:				
Cost	25,343	74,493	307	100,143
Accumulated depreciation	(15,340)	(64,320)	(307)	(79,967)
Net carrying amount	10,003	10,173	–	20,176

13. LEASES

The Group as a lessee

The Group has lease contracts for various buildings for retail outlets, offices, staff dormitories and warehouses used in its operations, and the lease terms ranged from one year to nine years.

(a) Right-of-use assets

The carrying amounts of the Group's right-of-use assets, i.e., buildings, and the movements during the year are as follows:

	2023	2022
	RMB'000	*RMB'000*
Carrying amount at April 1	**144,930**	38,861
Additions	**14,527**	136,195
Acquisition of subsidiaries	**–**	8,567
Transfer to net investments in subleases	**(36,027)**	–
Revision of lease terms arising from changes in the non-cancellable periods of leases	**(32,425)**	–
Depreciation charge	**(36,692)**	(38,693)
Carrying amount at March 31	**54,313**	144,930

13. LEASES (CONTINUED)

The Group as a lessee (continued)

(b) Lease liabilities

The carrying amount of lease liabilities and the movements during the year are as follows:

	2023 RMB'000	2022 RMB'000
Carrying amount at April 1	**135,414**	37,740
New leases	**14,527**	136,195
Acquisition of subsidiaries	**–**	8,567
Accretion of interest recognized during the year	**5,833**	3,815
Covid-19-related rent concessions from lessors	**(299)**	(76)
Payments	**(48,419)**	(50,827)
Revision of lease terms arising from changes in the non-cancellable periods of leases	**(29,258)**	–
Carrying amount at March 31	**77,798**	135,414
Analyzed into:		
Current portion		
Repayable within one year	**37,437**	50,656
Non-current portion		
Repayable in the second year	**29,196**	43,820
Repayable in the third to fifth years, inclusive	**10,455**	39,465
Repayable beyond five years	**710**	1,473
	40,361	84,758
	77,798	135,414

13. LEASES (CONTINUED)

The Group as a lessee (continued)

(b) Lease liabilities (continued)

The maturity analysis of lease liabilities based on the contractual undiscounted payments is disclosed in note 36 to the financial statements.

The Group has applied the practical expedient to all eligible rent concessions granted by the lessor for lease of certain retail outlets during the year.

(c) The amounts charged/(credited) to profit or loss in relation to leases are as follows:

	2023	2022
	RMB'000	*RMB'000*
Interest on lease liabilities	**5,833**	3,815
Depreciation charge of right-of-use assets	**36,692**	38,693
Loss on revision of lease terms arising from changes in the non-cancellable periods of leases	**3,167**	–
Gain on recognition of net investments in subleases	**(2,649)**	–
Expense relating to short-term leases	**1,126**	878
Covid-19-related rent concessions from lessors	**(299)**	(76)
Total amount charged/(credited) to in profit or loss	**43,870**	43,310

13. LEASES (CONTINUED)

The Group as a lessor

The Group subleases certain of its buildings under finance lease arrangements. The terms of the subleases generally require the tenants to pay security deposits and provide for periodic rent adjustments.

The undiscounted lease payments receivable by the Group in future periods under non-cancellable operating leases with its tenants and their present value as included in other receivables at the end of the reporting periods are as follows:

	2023 *RMB'000*	2022 *RMB'000*
Undiscounted amount receivable:		
Within one year	**11,344**	–
In the second year	**13,634**	–
Total undiscounted lease payments	**24,978**	–
Future unearned finance income	**(959)**	–
Total finance lease receivables	**24,019**	–
Analyzed into:		
Current portion	**11,344**	–
Non-current portion	**12,675**	–

14. GOODWILL

	2023 *RMB'000*	2022 *RMB'000*
Cost and net carrying amount at April 1	**810,853**	54,576
Acquisition of subsidiaries	**–**	756,277
Cost and net carrying amount at March 31	**810,853**	810,853

There was no accumulated impairment of goodwill at March 31, 2023 (2022: Nil).

Impairment testing of goodwill

Goodwill acquired through business combinations is allocated to the following CGUs for impairment testing:

- B2C and related business;
- B2B business; and
- Healthcare and digital services business.

B2C and related business CGU

The recoverable amount of this CGU has been determined based on a value in use calculation using cash flow projections based on financial budgets covering a five-year period. The discount rate applied to the cash flow projections is 15% (2022: 15%). The growth rate used to extrapolate the cash flows beyond the five-year period is 3% (2022: 3%), which approximates the long term average growth rate of the relevant business in Mainland China.

B2B business CGU

The recoverable amount of this CGU was determined based on a value in use calculation using cash flow projections based on financial budgets covering a five-year period. The discount rate applied to the cash flow projections is 20% (2022: 20%). The growth rate used to extrapolate the cash flows beyond the five-year period is 3% (2022: 3%), which approximates the long term average growth rate of the relevant business in Mainland China.

14. GOODWILL (CONTINUED)

Impairment testing of goodwill (continued)

Healthcare and digital services related business CGU

The recoverable amount of this CGU was determined based on a value in use calculation using cash flow projections based on financial budgets covering a nine-year period, because a longer forecast period is required for the relevant business currently at early stage to become stabilized. The discount rate applied to the cash flow projections is 15% (2022: 15%). The growth rate used to extrapolate the cash flows beyond the nine-year period is 3% (2022: 3%), which approximates the long term average growth rate of the relevant business in Mainland China.

The carrying amount of goodwill allocated to each of the CGUs is as follows:

	2023	2022
	RMB'000	*RMB'000*
B2C and related business CGU	**51,019**	51,019
B2B business CGU	**5,516**	5,516
Healthcare and digital services related business CGU	**754,318**	754,318
Carrying amount of goodwill at March 31	**810,853**	810,853

Assumptions were used in the value in use calculation of the B2C and related business CGU, B2B business CGU and healthcare and digital services related business CGU. The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing of goodwill:

Expected revenue growth rates – The expected revenue growth rates are following the business plan approved by the group management. Management leveraged their experiences in the industries and provided forecast based on past performance and their anticipation of future business and market developments.

Budgeted gross margins – The basis used to determine the value assigned to the budgeted gross margins is the average gross margins achieved in the year immediately before the budget year, increased for expected efficiency improvements, and expected market development.

Discount rates – The discount rates used are after tax and reflect specific risks relating to the relevant units.

Growth rates – The growth rates used to extrapolate the cash flows at the perpetual growth stage are based on the estimated growth rate of each unit taking into account the long term average growth rate of the relevant business in Mainland China.

15. OTHER INTANGIBLE ASSETS

	Patents and licences *RMB'000*	Brand name *RMB'000*	Total *RMB'000*
March 31, 2023			
At April 1, 2022:			
Cost	6,610	335,000	341,610
Accumulated amortization	(5,624)	(9,771)	(15,395)
Net carrying amount	986	325,229	326,215
Cost at April 1, 2022, net of accumulated amortization	986	325,229	326,215
Additions	308	–	308
Amortization provided during the year	(763)	(16,750)	(17,513)
At March 31, 2023	531	308,479	309,010
At March 31, 2023:			
Cost	6,918	335,000	341,918
Accumulated amortization	(6,387)	(26,521)	(32,908)
Net carrying amount	531	308,479	309,010

15. OTHER INTANGIBLE ASSETS (CONTINUED)

	Patents and licences *RMB'000*	Brand name *RMB'000*	Total *RMB'000*
March 31, 2022			
At April 1, 2021:			
Cost	6,425	–	6,425
Accumulated amortization	(3,490)	–	(3,490)
Net carrying amount	2,935	–	2,935
Cost at April 1, 2021, net of accumulated amortization	2,935	–	2,935
Acquisition of subsidiaries	–	335,000	335,000
Additions	185	–	185
Amortization provided during the year	(2,134)	(9,771)	(11,905)
At March 31, 2022	986	325,229	326,215
At March 31, 2022:			
Cost	6,610	335,000	341,610
Accumulated amortization	(5,624)	(9,771)	(15,395)
Net carrying amount	986	325,229	326,215

16. INVESTMENTS IN JOINT VENTURES

	2023 *RMB'000*	2022 *RMB'000*
Share of net assets	**249,441**	160,660
Loans to a joint venture	**2,500**	2,500
Impairment	**(2,500)**	(2,500)
	249,441	160,660

The Group's short-term advances received from a joint venture are disclosed in note 25 to the financial statements.

Particulars of the Group's joint ventures at the end of the reporting period are as follows:

Name	Particulars of capital held	Place of registration and business	Percentage of ownership interest attributable to the Group^ 2023	2022	Principal activities
浙江扁鵲健康科技有限公司 (Zhejiang Bian Que Health Data Technology Company Limited @) ("Zhejiang Bian Que")	Registered capital of RMB1 each	PRC/Mainland China	**45**	45	Health related data services
江蘇紫金弘雲健康產業投資合夥企業(有限合夥) (Jiangsu Zijin Hongyun Health Industry Investment Partnership (Limited Partnership) @) ("Jiangsu Zijin")	Registered capital of RMB1 each	PRC/Mainland China	**13.72**	13.72	Investment management

@ For identification purposes only

^ The percentage of ownership interest attributable to the Group is same as the percentage of voting power and profit sharing attributable to the Group.

16. INVESTMENTS IN JOINT VENTURES (CONTINUED)

The Group's joint ventures have a financial year ending December 31, and the financial statements for March 31 of these companies may not be available in a timely manner for the Group to apply the equity method, and therefore the Group elects to record its shares of the profits or losses of Zhejiang Bian Que and Jiangsu Zijin on a quarterly lag basis. Accordingly, the Group elects to equity account for these joint ventures in the Group's consolidated financial statements using their annual financial statements for the year ended December 31, 2022 for the current year (2022: year ended December 31, 2021).

The above joint ventures are indirectly held by the Company.

The Group has discontinued the recognition of its share of loss of Zhejiang Bian Que because the share of loss of Zhejiang Bian Que exceeded the Group's interest in Zhejiang Bian Que and the Group has no obligation to take up further losses. The amounts of the Group's unrecognized share of loss of Zhejiang Bian Que for the current year and cumulatively were RMB1,009,000 (2022: RMB9,523,000) and RMB10,532,000 (2022: RMB9,523,000), respectively.

The following table illustrates the aggregate financial information of the Group's joint ventures that are not individually material:

	2023 ***RMB'000***	2022 *RMB'000*
Share of the joint ventures' profit and total comprehensive income for the year	**48,981**	1,269
Aggregate carrying amount of the Group's investments in the joint ventures	**249,441**	160,660

17. INVESTMENTS IN ASSOCIATES

	2023 ***RMB'000***	2022 *RMB'000*
Share of net assets	**1,018,301**	996,598
Goodwill on acquisition	**1,318,403**	1,344,216
	2,336,704	2,340,814

17. INVESTMENTS IN ASSOCIATES (CONTINUED)

Particulars of the Group's associates at the end of the reporting periods are as follows:

Name	Particulars of capital held	Place of registration and business	Percentage of ownership interest attributable to the Group		Principal activities
			2023	2022	
東方口岸科技有限公司 (Dongfang Customs Technology Company Limited)@ ("Dongfang Customs")	Registered capital of RMB1 each	PRC/Mainland China	**30**	30	Operation of platforms for electronic customs processing
萬里雲醫療信息科技(北京)有限公司 (Wanliyun Medical Information Technology (Beijing) Co., Ltd.)@ ("Wanliyun")	Registered capital of RMB1 each	PRC/Mainland China	**23.28**	23.28	Construction of medical platforms and provision of related services
A company engaging in the medical business@ ("Company A")	Ordinary shares of RMB1 each	PRC/Mainland China	**9.5**	9.5	Provision of medical self-service equipment and smart healthcare solutions
嘉和美康(北京)科技股份有限公司 (Jiahe Meikang (Beijing) Technology Co., Ltd.)@ ("Jiahe Meikang")	Ordinary shares of RMB1 each	PRC/Mainland China	**10.14**	10.91	Provision of clinical information software products, infant medical equipment and mobile internet digitalised medical information software systems
江蘇曼荼羅軟件股份有限公司 (Jiangsu Mandalat Software Company Limited)@ ("Mandalat")	Ordinary shares of RMB1 each	PRC/ Mainland China	**10.283**	11.278	Provision of software development
安徽華人健康醫藥股份有限公司 (Anhui Huaren Health Pharmaceutical Co., Ltd.)@ ("Anhui Huaren")	Ordinary shares of RMB1 each	PRC/ Mainland China	**7.51**	8.84	Pharmaceutical retail chain business
漱玉平民大藥房連鎖股份有限公司 (Shuyu Civilian Pharmacy Corp., Ltd.)@ ("Shuyu Civilian")	Ordinary shares of RMB1 each	PRC/ Mainland China	**8.41**	8.41	Pharmaceutical retail chain business
德生堂醫藥股份有限公司 (Deshengtang Pharmaceutical Co., Ltd)@ ("Deshengtang")	Ordinary shares of RMB1 each	PRC/ Mainland China	**5**	5	Pharmaceutical retail chain business
來未來科技(浙江)有限公司 (Laiweilai Technology (Zhejiang) Co., Ltd)@ ("Laiweilai")	Registered capital of RMB1 each	PRC/ Mainland China	**26**	26	Construction of intelligent medical platform business

@ For identification purposes only

17. INVESTMENTS IN ASSOCIATES (CONTINUED)

The Group's investments in these companies are accounted for as associates of the Group because the Group is in a position to exercise significant influence. The Group has at least one director at each board of directors and/or has relevant rights regarding certain significant financial and operating decisions in board meetings of these associates.

The Group's associates have a financial year ending December 31 and the financial statements for March 31 of these companies may not be available in a timely manner for the Group to apply the equity method, and therefore the Group elects to record its shares of the profits or losses of these associates on a quarterly lag basis. Accordingly, the Group elects to equity account for these associates in the Group's consolidated financial statements using their annual financial statements for the year ended December 31, 2022 for the current year (2022: year ended December 31, 2021).

The above associates are indirectly held by the Company.

The following table illustrates the aggregate financial information of the Group's associates that are not individually material:

	2023 ***RMB'000***	2022 *RMB'000*
Share of the associates' loss for the year	**37,600**	46,889
Share of the associates' other comprehensive income for the year	**–**	17
Share of the associates' total comprehensive loss for the year	**37,600**	46,872
Aggregate carrying amount of the Group's investments in the associates at the end of the reporting period	**2,336,704**	2,340,814

18. INVENTORIES

	2023 ***RMB'000***	2022 *RMB'000*
Trading goods	**2,102,312**	1,550,150

19. TRADE AND BILLS RECEIVABLES

	2023 ***RMB'000***	2022 *RMB'000*
Trade receivables	**606,627**	528,420
Impairment	**(28,544)**	(26,720)
	578,083	501,700
Bills receivable	**704**	14,285
	578,787	515,985

The Group's trading terms with some of its customers are on credit. The Group provides a credit period of 30 days to 90 days. Trade receivables are settled in accordance with the terms of the respective contracts. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by senior management. In the view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

Included in the Group's trade and bills receivables are amounts due from subsidiaries of Alibaba Group of approximately RMB192,106,000 (2022: RMB62,165,000) and the Group's associates of approximately RMB267,000 (2022: RMB77,000), which are repayable on credit terms mutually agreed by the parties involved.

19. TRADE AND BILLS RECEIVABLES (CONTINUED)

An ageing analysis of the trade receivables as at the end of the reporting period, based on the date of products received by or services rendered to customers and net of impairment, is as follows:

	2023 *RMB'000*	2022 *RMB'000*
Within 3 months	**465,694**	398,206
4 to 12 months	**98,626**	101,519
Over 1 year	**13,763**	1,975
	578,083	501,700

The movements in the provision for impairment of trade receivables are as follows:

	2023 *RMB'000*	2022 *RMB'000*
At April 1	**26,720**	26,588
Impairment *(note 6)*	**1,824**	132
At March 31	**28,544**	26,720

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., by customer type). The calculation reflects the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

19. TRADE AND BILLS RECEIVABLES (CONTINUED)

Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix:

As at March 31, 2023

	Ageing			
	Less than 1 year	1 to 2 years	Over 2 years	Total
Expected credit loss rate	**0.10%**	**3.45%**	**100.00%**	**4.71%**
Gross carrying amount (RMB'000)	**564,876**	**14,255**	**27,496**	**606,627**
Expected credit losses (RMB'000)	**556**	**492**	**27,496**	**28,544**

As at March 31, 2022

	Ageing			
	Less than 1 year	1 to 2 years	Over 2 years	Total
Expected credit loss rate	0.02%	2.71%	100.00%	5.06%
Gross carrying amount (RMB'000)	499,820	2,030	26,570	528,420
Expected credit losses (RMB'000)	95	55	26,570	26,720

Bills receivable are subject to impairment using the low credit risk simplification under the general approach. At each reporting date, the Group evaluates whether the bills receivable are considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort. In making that evaluation, the Group reassesses the credit ratings of the debt investments. The Group did not recognize any impairment loss on bills receivable as at March 31, 2022 and 2023.

20. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

	2023	2022
	RMB'000	*RMB'000*
Current:		
Prepayments	**439,382**	306,922
Other receivables and other assets	**707,318**	564,713
	1,146,700	871,635
Impairment	**(6,760)**	(6,760)
	1,139,940	864,875
Non-current:		
Long-term receivables	**20,024**	13,030
	1,159,964	877,905

The movements in provision for impairment of other receivables during the year are as follows:

	2023	2022
	RMB'000	*RMB'000*
At April 1	**6,760**	6,760
Impairment	**11,518**	–
Amount written off as uncollectible	**(11,518)**	–
At March 31	**6,760**	6,760

The individually impaired other receivables of RMB6,760,000 (2022: RMB6,760,000) relate to debtors that were in default and the outstanding receivables are not expected to be recovered.

Other than the impaired other receivables, the financial assets included in the above balances relate to receivables for which there was no recent history of default and past due amounts. As at March 31, 2023 and 2022, their loss allowance is assessed to be minimal.

21. CASH AND CASH EQUIVALENTS AND RESTRICTED CASH

	2023 *RMB'000*	2022 *RMB'000*
Cash and bank balances	**8,941,312**	8,325,424
Time deposits	**2,126,121**	2,285,552
	11,067,433	10,610,976
Less: Restricted cash	**(150,262)**	(63,125)
Cash and cash equivalents	**10,917,171**	10,547,851

At the end of the reporting period, the cash and cash equivalents of the Group denominated in RMB placed in the PRC amounted to approximately RMB5,762,827,000 (2022: RMB6,246,376,000). The RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement and Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorized to conduct foreign exchange business.

Cash at banks and Alipay earns interest at floating rates based on daily bank deposit rates. Time deposits are made for varying periods of one to three months depending on the immediate cash requirements of the Group, and earn interest at the respective term deposit rates. The bank balances are deposited with creditworthy banks with no recent history of default. As at March 31, 2023, the cash (including restricted cash) at Alipay amounted to RMB233,264,000 (2022: RMB127,910,000).

22. EQUITY INVESTMENT DESIGNATED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	2023 *RMB'000*	2022 *RMB'000*
Unlisted equity investment, at fair value:		
IK Healthcare Holdings Limited ("IK Healthcare")	**122,062**	140,900

The above equity investment was irrevocably designated at FVOCI as the Group considers this investment to be strategic in nature. During the year, the fair value changes in this investment resulted in a loss (net of tax) amounting to approximately US$4,392,000 (equivalent to approximately RMB27,916,000) (2022: a loss (net of tax) amounting to approximately US$2,677,000 (equivalent to approximately RMB15,459,000)), recorded in other comprehensive income.

23. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2023	2022
	RMB'000	*RMB'000*
Unlisted equity investments, at fair value	**1,883,292**	1,654,233
Other unlisted investments, at fair value	**–**	7,257
	1,883,292	1,661,490

The unlisted equity investments were classified as financial assets at fair value through profit or loss as the Group has not elected to recognize the fair value gain or loss through other comprehensive income.

The other unlisted investments were financial derivatives which are mandatorily classified as financial assets at fair value through profit or loss.

24. TRADE AND BILLS PAYABLES

An ageing analysis of the trade and bills payables as at the end of the reporting period, based on the date of products received by the Group, is as follows:

	2023	2022
	RMB'000	*RMB'000*
Within 3 months	**3,000,935**	2,110,566
4 to 12 months	**624,112**	1,236,627
Over 12 months	**89,000**	181,404
	3,714,047	3,528,597

The trade payables are non-interest-bearing and are normally settled on terms of 30 days to 90 days.

Included in the Group's trade payables are amounts due to subsidiaries of Alibaba Group of approximately RMB843,047,000 (2022: RMB1,492,580,000), which are repayable on credit terms mutually agreed by the parties involved.

25. OTHER PAYABLES AND ACCRUALS

	2023	2022
	RMB'000	*RMB'000*
Current:		
Other payables	**886,136**	716,308
Accruals	**176,064**	169,815
Contingent consideration	**65,292**	55,253
	1,127,492	941,376
Non-current:		
Contingent consideration	**–**	51,178
Other payables	**–**	55,185
	–	106,363
	1,127,492	1,047,739

Other payables are non-interest-bearing. The current other payables have an average term of three months. The non-current other payables were to be paid after certain conditions are fulfilled.

Included in the Group's other payables are advances received from a joint venture amounting to RMB1,043,000 (2022: RMB1,806,000), which are used to settle the management fees incurred in the subsequent period within three months.

26. CONTRACT LIABILITIES

Details of contract liabilities are as follows:

	2023	2022	2021
	RMB'000	*RMB'000*	*RMB'000*
Pharmaceutical direct sales business	**204,065**	105,631	62,559
Healthcare and digital services business	**291,001**	155,047	127,982
	495,066	260,678	190,541

Contract liabilities include short-term advances received for the provision of digital infrastructure and advertising related services. The increase in contract liabilities as at March 31, 2022 and 2023 was mainly due to the increasing scale of pharmaceutical direct sales business and healthcare and digital services business.

27. DEFERRED TAX

The movements in gross deferred tax assets and liabilities during the year are as follows:

		Fair value adjustments attributable to				
	Loss available for offsetting against future taxable profits	**Equity investments at fair value through other comprehensive income**	**Investments at fair value through profit or loss**	**Acquisition of subsidiaries**	**Equity accounting and deemed cost adjustments of investments in joint ventures and associates**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Gross deferred liabilities at April 1, 2021	–	(4,885)	(12,919)	–	(21,518)	(39,322)
Deferred tax credited/(charged) to:						
the statement of profit or loss *(note 9)*	132,880	–	(7,038)	2,443	(107,188)	21,097
the statement of comprehensive income	–	1,718	–	–	–	1,718
the statement of changes in equity	–	–	–	–	12	12
Acquisition of subsidiaries	–	–	–	(83,750)	–	(83,750)
Exchange realignment	–	1,152	–	–	–	1,152
Gross deferred tax assets/(liabilities) at March 31, 2022 and April 1, 2022	**132,880**	**(2,015)**	**(19,957)**	**(81,307)**	**(128,694)**	**(99,093)**
Deferred tax credited/(charged) to:						
the statement of profit or loss *(note 9)*	**41,783**	**–**	**(4,083)**	**4,187**	**(27,423)**	**14,464**
the statement of comprehensive income	**–**	**2,174**	**–**	**–**	**–**	**2,174**
the statement of changes in equity	**–**	**–**	**–**	**–**	**(5,890)**	**(5,890)**
Transfer	**–**	**–**	**9,388**	**–**	**(9,388)**	**–**
Exchange realignment	**–**	**(159)**	**(82)**	**–**	**–**	**(241)**
Gross deferred tax assets/(liabilities) at March 31, 2023	**174,663**	**–**	**(14,734)**	**(77,120)**	**(171,395)**	**(88,586)**

27. DEFERRED TAX (CONTINUED)

Certain deferred tax assets and liabilities have been offset on an individual entity basis and the Group's net deferred tax assets and liabilities presented in the consolidated statement of financial position are as follows:

	2023	2022
	RMB'000	*RMB'000*
Net deferred assets	**33,831**	17,390
Net deferred liabilities	**(122,417)**	(116,483)
	(88,586)	(99,093)

The Group has tax losses arising in Hong Kong of approximately RMB52,660,000 (2022: RMB47,840,000) that are available indefinitely for offsetting against future taxable profits of the companies in which the losses arose. The Group also has tax losses arising in Mainland China of RMB1,188,893,000 (2022: RMB1,004,668,000) that will expire in one to ten years for offsetting against future taxable profits.

Deferred tax assets have not been recognized in respect of these losses and other deductible temporary differences as they have arisen in subsidiaries that have been loss-making for some time and it is not considered probable that taxable profits will be available against which the tax losses can be utilized.

Deferred tax assets have not been recognized in respect of the following items:

	2023	2022
	RMB'000	*RMB'000*
Tax losses	**1,241,553**	1,052,508
Deductible temporary differences	**378,591**	209,003
	1,620,144	1,261,511

Pursuant to the PRC Corporate Income Tax Law, a 10% withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in Mainland China. The requirement is effective from January 1, 2008 and applies to earnings after December 31, 2007. A lower withholding tax rate may be applied if there is a tax treaty between Mainland China and the jurisdiction of the foreign investors. For the Group, the applicable rate is 10%. The Group is therefore liable to withholding taxes on dividends distributed by those subsidiaries, joint venture and associates established in Mainland China in respect of earnings generated from January 1, 2008.

27. DEFERRED TAX (CONTINUED)

At March 31, 2023, no deferred tax has been recognized for withholding taxes that would be payable on the unremitted earnings that are subject to withholding taxes of the Group's subsidiaries established in Mainland China. In the opinion of the directors, it is not probable that these subsidiaries will distribute such earnings in the foreseeable future. The aggregate amount of temporary differences associated with investments in subsidiaries in Mainland China for which deferred tax liabilities have not been recognized totaled approximately RMB982,770,000 at March 31, 2023 (2022: RMB465,252,000). At March 31, 2023, there were unremitted earnings shared by the Group of approximately RMB220,428,000 (2022: RMB126,082,000) from the Group's associates and an joint venture established in Mainland China in respect of earnings generated from January 1, 2008.

There are no income tax consequences attaching to the payment of dividends by the Company to its shareholders.

28. SHARE CAPITAL

Shares

	2023	2022
	HK$'000	*HK$'000*
Authorized:		
20,000,000,000 (2022: 20,000,000,000) ordinary shares of HK$0.01 each	**200,000**	200,000

	2023	2022
	RMB'000	*RMB'000*
Issued and fully-paid:		
13,521,362,542 (2022: 13,517,806,542) ordinary shares of HK$0.01 each	**119,133**	119,102

28. SHARE CAPITAL (CONTINUED)

A summary of movements in the Company's share capital is as follows:

	Number of shares in issue	Share capital RMB'000	Share premium RMB'000	Treasury shares RMB'000	Total RMB'000
At April 1, 2021	13,487,965,042	118,859	43,281,281	(22,265)	43,377,875
Issue of shares for RSUs *(note a)*	27,000,000	219	–	(219)	–
Repurchase of shares *(note b)*	–	–	–	(16,519)	(16,519)
Vested awarded shares transferred to employees *(note c)*	–	–	203,824	15,487	219,311
Share options exercised *(note d)*	2,841,500	24	14,792	–	14,816
At March 31 and April 1, 2022	**13,517,806,542**	**119,102**	**43,499,897**	**(23,516)**	**43,595,483**
Repurchase of shares *(note b)*	**–**	**–**	**–**	**(81,582)**	**(81,582)**
Vested awarded shares transferred to employees *(note c)*	**–**	**–**	**214,834**	**34,616**	**249,450**
Share options exercised *(note d)*	**3,556,000**	**31**	**19,345**	**–**	**19,376**
At March 31, 2023	**13,521,362,542**	**119,133**	**43,734,076**	**(70,482)**	**43,782,727**

Notes:

a. During the year ended March 31, 2023, there was no share issued for RSUs to be vested for non-connected persons (2022: 27,000,000 shares of HK$0.01 each were issued for RSUs to be vested for non-connected persons).

b. During the year ended March 31, 2023, 25,258,000 shares of HK$0.01 each were repurchased for RSUs to be vested for non-connected persons and connected persons at a total cash consideration of RMB81,582,000 (2022: 1,300,000 shares of HK$0.01 each were repurchased for RSUs to be vested for connected persons at a total cash consideration of RMB16,519,000).

c. Upon vesting of RSUs for the year ended March 31, 2023, 15,653,000 issued shares and 5,188,000 repurchased shares were transferred to non-connected persons and 1,403,000 repurchased shares were transferred to connected persons, respectively (2022: 25,052,000 issued shares were transferred to non-connected persons and 1,207,000 repurchased shares were transferred to connected persons, respectively, upon vesting of RSUs).

d. The subscription rights attaching to 3,556,000 share options were exercised at the subscription price of HK$4.16 per share (note 29), resulting in the issue of 3,556,000 shares for a total cash consideration, before expenses, of RMB12,890,000. An amount of RMB6,486,000 was transferred from the share option reserve to share premium upon the exercise of the share options (2022: The subscription rights attaching to 2,841,500 share options were exercised at the subscription price of HK$4.13 per share (note 29), resulting in the issue of 2,841,500 shares for a total cash consideration, before expenses, of RMB9,693,000. An amount of RMB5,123,000 was transferred from the share option reserve to share premium upon the exercise of the share options).

28. SHARE CAPITAL (CONTINUED)

Share options

Details of the Company's share option scheme and the share options issued under the scheme are included in note 29 to the financial statements.

29. SHARE-BASED COMPENSATION COSTS

Share award scheme

On November 24, 2014 (the "Adoption Date"), the Group adopted a share award scheme for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. An award ("Award") granted under the Share Award Scheme may either take the form of a RSU, being a contingent right to receive shares of the Company which are awarded under the Share Award Scheme, or an option to subscribe for or acquire shares of the Company which are granted under the Share Award Scheme.

Share options and RSUs granted to a director, chief executive or substantial shareholder of the Company, or to any of their associates, are subject to approval in advance by the independent non-executive directors. All grants of share options and RSUs to connected persons shall be subject to compliance with the requirements of the Listing Rules, including the prior approval of the shareholders according to Chapter 14A of the Listing Rules. For the avoidance of doubt, any grant of share options to any connected person of the Company is fully exempted from the compliance with Chapter 14A of the Listing Rules pursuant to Rule 14A.92 of the Listing Rules. Any grant of RSUs to any connected person of the Company will constitute a connected transaction of the Company and shall therefore be subject to compliance with Chapter 14A of the Listing Rules (unless an exemption applies).

In addition, any share options and RSUs granted to a substantial shareholder or an independent non-executive director of the Company, or to any of their associates, in excess of 0.1% of the shares of the Company in issue at any time or with an aggregate value (based on the price of the Company's shares at the date of grant) in excess of HK$5 million, within any 12-month period, are subject to shareholders' approval in advance in a general meeting.

The exercise price of share options is determinable by the directors, but may not be less than the highest of (i) the Stock Exchange closing price of the Company's shares on the date of offer of the share options; (ii) the average Stock Exchange closing price of the Company's shares for the five trading days immediately preceding the date of offer and (iii) the nominal value of the shares.

29. SHARE-BASED COMPENSATION COSTS (CONTINUED)

Share award scheme (continued)

The total number of shares in respect of which Awards may be granted under the Share Award Scheme and any other share award schemes of the Company shall not exceed 3% of the shares in issue as at the Adoption Date (the "Scheme Mandate Limit"), or 3% of the shares in issue as at the new approval date of the renewed Scheme Mandate Limit. There are no other restrictions specified under Chapter 17 of the Listing Rules on the maximum number of shares to be granted to each eligible participants under the Share Award Scheme.

The Awards do not confer rights on the holders to dividends or to vote at shareholders' meetings.

Movements in the number of Awards granted under the Share Award Scheme during the year and their related weighted average fair values are as follows:

	Weighted average exercise price of share options *HK$ per share*	Number of share options *'000*	Number of restricted share units *'000*
Outstanding at April 1, 2021	10.14	17,280	62,040
Granted during the year	13.69	2,554	34,019
Forfeited or lapsed during the year	19.90	(1,814)	(8,433)
Exercised or vested during the year	4.13	(2,842)	(26,259)
Outstanding at March 31 and April 1, 2022	**10.69**	**15,178**	**61,367**
Granted during the year	**4.92**	**7,344**	**74,833**
Forfeited or lapsed during the year	**5.72**	**(313)**	**(16,053)**
Exercised or vested during the year	**4.16**	**(3,556)**	**(22,238)**
Outstanding at March 31, 2023	**7.87**	**18,653**	**97,909**

The weighted average share price at the date of exercise for share options exercised during the year was HK$5.33 per share (2022: HK$11.56).

29. SHARE-BASED COMPENSATION COSTS (CONTINUED)

Share award scheme (continued)

The exercise prices and exercise periods of the share options outstanding as at the end of the reporting period are as follows:

2023

Number of options *'000*	Exercise price *HK$ per share*	Exercise period
508	5.184	2015/9/7 to 2025/9/6
152	5.32	2016/4/28 to 2026/4/27
1,746	5.558	2016/7/29 to 2026/7/28
593	3.626	2017/2/2 to 2027/2/1
799	3.686	2017/8/3 to 2027/8/2
162	4.4	2017/10/10 to 2027/10/9
518	4.144	2018/2/1 to 2028/1/31
4,512	19.94	2020/6/15 to 2030/6/14
119	18.66	2020/9/15 to 2030/9/14
1,663	18.21	2021/6/15 to 2031/6/14
750	4.24	2022/3/15 to 2032/3/14
7,131	4.92	2022/6/15 to 2032/6/14
18,653		

29. SHARE-BASED COMPENSATION COSTS (CONTINUED)

Share award scheme (continued)

The exercise prices and exercise periods of the share options outstanding as at the end of the reporting period are as follows: (continued)

2022

Number of options '000	Exercise price HK$ per share	Exercise period
508	5.184	2015/9/7 to 2025/9/6
187	5.32	2016/4/28 to 2026/4/27
1,838	5.558	2016/7/29 to 2026/7/28
776	3.626	2017/2/2 to 2027/2/1
331	3.902	2017/6/14 to 2027/6/13
1,684	3.686	2017/8/3 to 2027/8/2
2,020	4.4	2017/10/10 to 2027/10/9
690	4.144	2018/2/1 to 2028/1/31
4,512	19.94	2020/6/15 to 2030/6/14
119	18.66	2020/9/15 to 2030/9/14
1,663	18.21	2021/6/15 to 2031/6/14
100	7.438	2021/12/15 to 2031/12/14
750	4.24	2022/3/15 to 2032/3/14
15,178		

The fair value of the share options granted during the year was RMB15,430,000 (HK$2.46 each) (2022: RMB13,717,000, HK$6.47 each), of which the Group recognized a share option expense of RMB4,591,000 (2022: RMB3,117,000) during the year ended March 31, 2023.

The fair value of the RSUs granted during the year was RMB313,995,000 (HK$4.89 each) (2022: RMB385,520,000, HK$13.87 each), of which the Group recognized a RSU expense of RMB93,189,000 (2022: RMB101,461,000) during the year ended March 31, 2023.

29. SHARE-BASED COMPENSATION COSTS (CONTINUED)

Share award scheme (continued)

The fair value of share options granted during the year was estimated as at the date of grant using a binomial model, taking into account the terms and conditions upon which the share options were granted. The following table lists the inputs to the model used:

	Share options granted in	
	2023	2022
Fair value of the Company's shares as at the grant date	**HK$2.12~HK$2.57**	HK$1.87~HK$8.73
Expected volatility (%)	**60**	60
Expected dividend (%)	**0.00**	0.00
Exercise multiple	**1.3~2.3**	2.5
Exercise price	**HK$4.92**	HK$4.24~HK$18.21
Risk-free interest rate (%)	**3.38**	1.06
Forfeiture rate (%)	**23~24**	21~24

The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome.

The fair value of the RSUs granted during the year was determined based on the market value of the Company's shares at the respective grant dates.

The fair value of RSUs granted by Alibaba Group to employees transferred from other entities of Alibaba Group to the Company was measured with reference to Alibaba Group's closing share price of the employment transfer date. The Company is obligated to pay a cash consideration to Alibaba Group for such employees' service period at the Group on a pro rata basis when these RSUs were vested.

The Group recognized share-based compensation expenses of RMB54,021,000 for awards under Alibaba Group's Share Award Scheme for the year ended March 31, 2023 (2022: RMB114,854,000) with a corresponding payable of RMB242,137,000 due to Alibaba Group recorded at the end of the reporting period (2022: RMB161,552,000).

29. SHARE-BASED COMPENSATION COSTS (CONTINUED)

Share award scheme (continued)

Total share-based compensation expenses recorded by the Group under the Group's Share Award Scheme and Alibaba Group's Share Award Scheme are as follows:

	2023 *RMB'000*	2022 *RMB'000*
Cost of revenue	**15,408**	16,132
Sales and marketing expenses	**89,324**	120,656
Administrative expenses	**69,403**	98,528
Product development expenses	**98,697**	139,052
Fulfilment	**36,058**	33,730
Total	**308,890**	408,098

At the end of the reporting period, the Company had approximately 18,653,000 share options and 97,909,000 RSUs outstanding under the Share Award Scheme, which represented approximately 0.86% of the Company's shares in issue as at that date. The exercise in full of the outstanding share options and RSUs, under the present capital structure of the Company, would result in the issue of approximately 18,653,000 additional ordinary shares of the Company and additional share capital of HK$186,530 (equivalent to approximately RMB163,000) (before issue expenses), the purchase of 77,388,000 existing shares from the market and the release of 20,521,000 shares from treasury shares.

At the date of approval of these financial statements, the Company had approximately 18,653,000 share options and 96,227,000 RSUs outstanding under the Share Award Scheme, which represented approximately 0.85% of the Company's shares in issue as at that date.

30. RESERVES

The amounts of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity on page 9 to page 10 of the financial statements.

Merger reserve

The merger reserve represents the differences between the fair value of consideration shares issued by the Company and the carrying amount of the net assets of the target company at the acquisition date pursuant to the business combination under common control of the Group that took place in prior years.

30. RESERVES (CONTINUED)

Other reserves

Other reserves mainly consist of PRC statutory reserves and contributed surplus. Under the relevant PRC laws and regulations, PRC companies are required to allocate 10% of their net profit to the fund until such fund reaches 50% of their registered capital. The statutory reserve fund can be utilized, upon approval by the relevant authorities, to offset against accumulated losses or to increase registered capital of the companies, provided that such fund is maintained at a minimum of 25% of the companies' registered capital. Contributed surplus represents the difference between the nominal value of the Company's shares issued in exchange for the issued share capital of the subsidiaries and the net asset value of the subsidiaries acquired, and the surplus arising from the reduction of share capital. Under the Companies Act of Bermuda and the Bye-laws of the Company, the contributed surplus is distributable to shareholders. The Company has no distributable reserves at March 31, 2023 and 2022.

31. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Major non-cash transactions

During the year, the Group had non-cash additions to right-of-use assets and lease liabilities of RMB14,527,000 (2022: RMB136,195,000) and RMB14,527,000 (2022: RMB136,195,000), respectively, in respect of lease arrangements for buildings.

(b) Changes in liabilities arising from financing activities

	Lease liabilities	
	2023	2022
	RMB'000	*RMB'000*
Carrying amount at April 1	**135,414**	37,740
Changes from financing cash flows	**(42,586)**	(47,012)
New leases	**14,527**	136,195
Revision of leases term arising from a change in the non-cancellable period of leases	**(29,258)**	–
Acquisition of subsidiaries	**–**	8,567
Interest expense	**5,833**	3,815
Interest paid classified as operating cash flows	**(5,833)**	(3,815)
Covid-19-related rent concessions from lessors	**(299)**	(76)
Carrying amount at March 31	**77,798**	135,414

31. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

(c) Total cash outflow for leases

The total cash outflow for leases included in the statement of cash flows is as follows:

	2023 *RMB'000*	2022 *RMB'000*
Within operating activities	**6,959**	4,693
Within financing activities	**42,586**	47,012
	49,545	51,705

32. COMMITMENTS

The Group had the following capital commitments at the end of the reporting period:

	2023 *RMB'000*	2022 *RMB'000*
Contracted, but not provided for:		
Capital contribution payable to joint ventures	**–**	39,800

33. RELATED PARTY TRANSACTIONS

(I) Transactions with related parties

	2023 *RMB'000*	2022 *RMB'000*
Ultimate holding company and its subsidiaries:		
Share-based compensation expenses attributable to connected persons^	**(20,780)**	(22,858)
Marketing services received from Alibaba Group	**(1,046,205)**	(824,163)
Shared services received from Alibaba Group	**(254,602)**	(308,195)
Internet information and other related services received from Alibaba Group	**(266,971)**	(282,463)
Fellow subsidiaries:		
Cloud computing services received from Alibaba Cloud Computing Ltd.	**(107,044)**	(139,593)
Logistics and warehouse services received from Hangzhou Cainiao Supply Chain Management Co., Ltd.	**(225,189)**	(301,227)
Technical services received from Tmall Entities@ regarding Blue Cap Health Food#	**(74,152)**	(69,704)
Technical services received from Tmall Entities regarding medical devices, healthcare products, adult products, and medical and healthcare services	**(820,412)**	(774,945)
Technical services received from Taobao Holding Limited ("Taobao Holding") regarding Tmall Products and Services and Tmall Global Products and Services*	**(320,768)**	(259,831)
Incentive fee from Hangzhou Alimama Software Services Co., Ltd.	**–**	3,455
Outsourced and value-added services provided to Taobao Holding	**105,918**	103,725
Tracking related services provided to Taobao Holding	**2,092**	1,869
Sales of products to Taobao Holding	**23,162**	67,673
Software services provided to Taobao Holding	**100,212**	62,545
Business sourcing and promotion services provided to Koubei (Shanghai) Information Technology Co., Ltd.	**14**	574
Associate of the ultimate holding company:		
Payment services received from Alipay	**(78,846)**	(65,163)
Associates:		
Sales of products	**196**	674
Joint ventures:		
Management fee	**9,452**	20,674

33. RELATED PARTY TRANSACTIONS (CONTINUED)

(I) Transactions with related parties (continued)

^ On June 15, 2021, the Company granted 421,250 options and 168,500 RSUs to Mr. Zhu Shunyan, an executive Director, the current chairman of the Board and chief executive officer of the Company, and hence a connected person of the Company under the Share Award Scheme. On the same day, the Company granted 67,250 options and 26,900 RSUs to Mr. Tu Yanwu, an executive Director and the chief financial officer of the Company, and hence a connected person of the Company under the Share Award Scheme. The Company granted a total of 481,000 options and 192,400 RSUs to two directors of the subsidiaries of the Company, and hence connected persons of the Company under the Share Award Scheme.

On June 15, 2022, a total of 3,776,625 Options are granted to five connected grantees, of which 1,290,125 Options are granted to Mr. Zhu Shunyan, 1,062,750 Options are granted to Mr. Shen Difan, an executive Director and the chief operating officer of the Company, 283,250 Options are granted to Mr. Tu Yanwu, and the remaining Options are granted to three directors of subsidiaries of the Company.

On June 15, 2022, a total of 1,992,550 RSUs are granted to six connected grantees, of which 516,050 RSUs are granted to Mr. Zhu Shunyan, 425,100 RSUs are granted to Mr. Shen Difan, an executive Director and the chief operating officer of the Company, 113,300 RSUs are granted to Mr. Tu Yanwu, and the remaining RSUs are granted to three directors of subsidiaries of the Company.

@ Tmall Entities refers to Zhejiang Tmall Network Co., Ltd. and Zhejiang Tmall Technology Co., Ltd.

Blue Cap Health Food refers to a kind of health food approved by the State Administration for Market Regulation of China.

* Tmall Products and Services comprised pharmaceutical products, medical purpose food products, medical devices, adult products, healthcare products, medical and healthcare services and the target Blue Cap Health Food sold through Tmall Supermarket only.

Tmall Global Products and Services comprised pharmaceutical products, medical devices, healthcare products, medical purpose food products, medical and healthcare services.

All these transactions were carried out in accordance with the terms and conditions mutually agreed by the parties involved.

33. RELATED PARTY TRANSACTIONS (CONTINUED)

(II) Outstanding balances with related parties:

In addition to the outstanding balances detailed in notes 19, 24 and 25 to the financial statements, the balances with related parties as at the end of the reporting period are listed below:

	2023 *RMB'000*	2022 *RMB'000*
Fellow subsidiaries:		
Other receivables	**143,485**	621
Prepayments and deposits	**72,015**	56,014
Other payables	**243,085**	162,780
Accruals	**3,097**	2,219
Associate of the ultimate holding company:		
Other receivables	**2,424**	57
Prepayments and deposits	**117**	–
Other payables	**290**	297

The balances with fellow subsidiaries and associate of the ultimate holding company are unsecured, interest-free, and have no fixed terms of repayment.

(III) Compensation of key management personnel of the Group

	2023 *RMB'000*	2022 *RMB'000*
Short-term employee benefits	**17,209**	15,135
Performance related bonuses	**11,419**	9,182
Share-based compensation expenses	**29,277**	28,995
Pension scheme contributions	**669**	583
Total compensation paid to key management personnel	**58,574**	53,895

Further details of directors' and chief executive's emoluments are included in note 7 to the financial statements.

The transactions in respect of item (I) above also constitute connected transactions or continuing connected transactions as defined in Chapter 14A of the Listing Rules.

34. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows:

2023

Financial assets

	Financial assets at fair value through profit or loss		Financial assets at fair value through other comprehensive income			
	Designated as such upon initial recognition *RMB'000*	Mandatorily designated as such *RMB'000*	Debt investments *RMB'000*	Equity investments *RMB'000*	Financial assets at amortized cost *RMB'000*	Total *RMB'000*
Equity investment at fair value through other comprehensive income	–	–	–	122,062	–	122,062
Financial investments at fair value through profit or loss	1,883,292	–	–	–	–	1,883,292
Trade receivables	–	–	–	–	578,083	578,083
Bills receivable	–	–	704	–	–	704
Financial assets included in prepayments, other receivables and other assets	–	–	–	–	632,979	632,979
Restricted cash	–	–	–	–	150,262	150,262
Cash and cash equivalents	–	–	–	–	10,917,171	10,917,171
	1,883,292	–	704	122,062	12,278,495	14,284,553

34. FINANCIAL INSTRUMENTS BY CATEGORY (CONTINUED)

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows: (continued)

2023 (continued)

Financial liabilities

	Financial liabilities at fair value through profit or loss designated as such upon initial recognition *RMB'000*	Financial liabilities at amortized cost *RMB'000*	Total *RMB'000*
Trade and bills payables	–	3,714,047	3,714,047
Financial liabilities included in other payables and accruals	65,292	537,968	603,260
Lease liabilities	–	77,798	77,798
	65,292	4,329,813	4,395,105

34. FINANCIAL INSTRUMENTS BY CATEGORY (CONTINUED)

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows: (continued)

2022

Financial assets

	Financial assets at fair value through profit or loss		Financial assets at fair value through other comprehensive income			
	Designated as such upon initial recognition *RMB'000*	Mandatorily designated as such *RMB'000*	Debt investments *RMB'000*	Equity investments *RMB'000*	Financial assets at amortized cost *RMB'000*	Total *RMB'000*
Equity investment at fair value through other comprehensive income	–	–	–	140,900	–	140,900
Financial investments at fair value through profit or loss	1,654,233	7,257	–	–	–	1,661,490
Trade receivables	–	–	–	–	501,700	501,700
Bills receivable	–	–	14,285	–	–	14,285
Financial assets included in prepayments, other receivables and other assets	–	–	–	–	523,972	523,972
Restricted cash	–	–	–	–	63,125	63,125
Cash and cash equivalents	–	–	–	–	10,547,851	10,547,851
	1,654,233	7,257	14,285	140,900	11,636,648	13,453,323

34. FINANCIAL INSTRUMENTS BY CATEGORY (CONTINUED)

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows: (continued)

2022 (continued)

Financial liabilities

	Financial liabilities at fair value through profit or loss designated as such upon initial recognition	Financial liabilities at amortized cost	Total
	RMB'000	*RMB'000*	*RMB'000*
Trade and bills payables	–	3,528,597	3,528,597
Financial liabilities included in other payables and accruals	106,431	396,269	502,700
Lease liabilities	–	135,414	135,414
	106,431	4,060,280	4,166,711

35. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The carrying amounts and fair values of the Group's financial instruments, other than those with carrying amounts that reasonably approximate to fair values, are as follows:

	Carrying amount		Fair value	
	2023	2022	**2023**	2022
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Financial assets				
Equity investment designated at fair value through other comprehensive income	**122,062**	140,900	**122,062**	140,900
Financial assets at fair value through profit or loss	**1,883,292**	1,661,490	**1,883,292**	1,661,490
Long-term receivables	**20,024**	13,030	**17,950**	11,213
Bills receivable	**704**	14,285	**704**	14,285
	2,026,082	1,829,705	**2,024,008**	1,827,888
Financial liabilities				
Contingent consideration included in other payables and accruals	**65,292**	106,431	**65,292**	106,431

Management has assessed that the fair values of cash and cash equivalents, restricted cash, trade receivables, financial assets included in prepayments, other receivables and other assets, trade payables and financial liabilities included in other payables and accruals, approximate to their carrying amounts largely due to the short term maturities of these instruments.

The Group's finance department headed by the finance manager is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The finance manager reports directly to the chief financial officer and the audit committee. At each reporting date, the finance department analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the chief financial officer. The valuation process and results are discussed with the audit committee twice a year for interim and annual financial reporting.

35. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (CONTINUED)

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

The fair values of unlisted equity investments designated at FVOCI or fair values of unlisted equity investments designated at FVPL have been estimated using a market-based valuation technique and the key assumptions applied in the calculation are the comparable companies, relevant multiples and DLOM. Comparable companies are actively traded in stock market and the multiples are publicly available. Also, to adjust the fair value difference between a publicly traded company and a private company, an independent valuer has applied the option price model to estimate the DLOM. The Directors believe that the estimated fair values resulting from the valuation techniques, which are recorded in the consolidated statement of financial position, and the related changes in fair values, which are recorded in other comprehensive income and fair value gain or loss, are reasonable.

The fair value of the contingent consideration included in other payables and accruals has been calculated by discounting the expected cash flows using the corresponding weighted, average cost of capital, of which the cost of equity is determined by the capital asset pricing model.

The fair values of long-term receivables and bills receivable have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities.

Below is a summary of significant unobservable inputs to the valuation of financial instruments together with a quantitative sensitivity analysis as at March 31, 2023 and 2022:

	Valuation technique	Significant unobservable input	Range	Sensitivity of fair value to the input
Unlisted equity investments	Valuation multiples	Average P/S multiple of peers	1.95 to 8.18 (2022: 1.32 to 14.13)	1% (2022: 1%) increase/decrease in multiple would result in increase/decrease in fair value by RMB315,000 to RMB4,658,000 (2022: RMB703,000 to RMB7,913,000)
		Average P/B multiple of peers	3.16 (2022: 2.98)	1% (2022: 1%) increase/decrease in multiple would result in increase/decrease in fair value by RMB906,000 (2022: RMB1,170,000/ RMB854,000)
		Discount for lack of marketability	17% to 30% (2022: 11% to 30%)	1% (2022: 1%) increase/decrease in discount would result in decrease/increase in fair value by RMB523,000 to RMB1,026,000 (2022: RMB301,000 to RMB1,978,000)

35. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (CONTINUED)

Below is a summary of significant unobservable inputs to the valuation of financial instruments together with a quantitative sensitivity analysis as at March 31, 2023 and 2022: (continued)

	Valuation technique	Significant unobservable input	Range	Sensitivity of fair value to the input
Unlisted equity investments	Valuation multiples	Median P/S multiple of peers	1.28 to 9.78 (2022: 12.61)	1% (2022: 1%) increase/decrease in multiple would result in increase in fair value by RMB684,000 to RMB8,320,000/decrease in fair value by RMB691,000 to RMB8,320,000 (2022: RMB8,417,000)
		Discount for lack of marketability	20% to 27% (2022: 23%)	1% (2022: 1%) increase/decrease in discount would result in decrease/increase in fair value by RMB259,000 to RMB2,080,000 (2022: RMB676,000)
Contingent consideration included in other payables and accruals	Discounted cash flow	Discount rate	15%	1% increase/decrease in discount rate would result in decrease/ increase in fair value by RMB38,000/RMB38,000
	(2022: Monte Carlo Simulation model)	(2022: Volatility)	(2022: 20%)	(2022: 5% increase/decrease in volatility would result in increase/decrease in fair value by RMB50,000/ RMB51,000)
		(2022: Discount rate)	(2022: 15%)	(2022: 1% increase/decrease in discount rate would result in decrease/increase in fair value by RMB21,000/ RMB24,000)

The discount for lack of marketability represents the amounts of premiums and discounts determined by the Group that market participants would take into account when pricing the investments.

35. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (CONTINUED)

Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

Assets measured at fair value:

As at March 31, 2023

	Fair value measurement using			
	Quoted prices in active markets (Level 1) *RMB'000*	Significant observable inputs (Level 2) *RMB'000*	Significant unobservable inputs (Level 3) *RMB'000*	Total *RMB'000*
Equity investment designated at fair value through other comprehensive income	**–**	**–**	**122,062**	**122,062**
Financial assets at fair value through profit or loss	**–**	**–**	**1,883,292**	**1,883,292**
Bills receivable	**–**	**704**	**–**	**704**
	–	**704**	**2,005,354**	**2,006,058**

As at March 31, 2022

	Fair value measurement using			
	Quoted prices in active markets (Level 1) *RMB'000*	Significant observable inputs (Level 2) *RMB'000*	Significant unobservable inputs (Level 3) *RMB'000*	Total *RMB'000*
Equity investment designated at fair value through other comprehensive income	–	–	140,900	140,900
Financial assets at fair value through profit or loss	–	–	1,661,490	1,661,490
Bills receivable	–	14,285	–	14,285
	–	14,285	1,802,390	1,816,675

35. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (CONTINUED)

Fair value hierarchy (continued)

The movements in fair value measurements within Level 3 during the year are as follows:

	2023	2022
	RMB'000	*RMB'000*
Equity investments at fair value though profit or loss		
At April 1	**1,661,490**	984,456
Total gains recognized in profit or loss	**47,917**	162,062
Purchases	**142,420**	355,000
Reclassified from investments in associates to financial assets at fair value through profit or loss	**–**	1,050,168
Reclassified from financial assets at fair value through profit or loss to investments in associates	**–**	(871,003)
Exchange realignment	**31,465**	(19,193)
At March 31	**1,883,292**	1,661,490

	2023	2022
	RMB'000	*RMB'000*
Equity investment at fair value though other comprehensive income		
At April 1	**140,900**	163,212
Total losses recognized in other comprehensive income	**(30,090)**	(17,177)
Exchange realignment	**11,252**	(5,135)
At March 31	**122,062**	140,900

35. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (CONTINUED)

Fair value hierarchy (continued)

Liabilities measured at fair value:

As at March 31, 2023

	Fair value measurement using			
	Quoted prices in active markets (Level 1) *RMB'000*	Significant observable inputs (Level 2) *RMB'000*	Significant unobservable inputs (Level 3) *RMB'000*	Total *RMB'000*
Contingent consideration included in other payables and accruals	**–**	**–**	**65,292**	**65,292**

As at March 31, 2022

	Fair value measurement using			
	Quoted prices in active markets (Level 1) *RMB'000*	Significant observable inputs (Level 2) *RMB'000*	Significant unobservable inputs (Level 3) *RMB'000*	Total *RMB'000*
Contingent consideration included in other payables and accruals	–	–	106,431	106,431

35. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (CONTINUED)

Fair value hierarchy (continued)

During the year, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for both financial assets and financial liabilities (2022: Nil).

Assets for which fair values are disclosed:

As at March 31, 2023

	Fair value measurement using			
	Quoted prices in active markets (Level 1) *RMB'000*	Significant observable inputs (Level 2) *RMB'000*	Significant unobservable inputs (Level 3) *RMB'000*	Total *RMB'000*
Long-term receivables	**–**	**17,950**	**–**	**17,950**

As at March 31, 2022

	Fair value measurement using			
	Quoted prices in active markets (Level 1) *RMB'000*	Significant observable inputs (Level 2) *RMB'000*	Significant unobservable inputs (Level 3) *RMB'000*	Total *RMB'000*
Long-term receivables	–	11,213	–	11,213

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise cash and term deposits. The Group has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations.

It is, and has been throughout the year under review, the Group's policy that no trading in financial instruments shall be undertaken.

The main risks arising from the Group's financial instruments are credit risk, foreign currency risk and liquidity risk. The board of directors reviews and agrees policies for managing each of these risks and they are summarized below.

Credit risk

The Group trades only with recognized and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis.

The credit risk of the Group's other financial assets, which comprise cash and cash equivalents and other receivables, arises from default of the counterparty, with a maximum exposure equal to the carrying amounts of these instruments.

Further quantitative data in respect of the Group's exposure to credit risk arising from trade receivables are disclosed in note 19 to the financial statements.

The Group places its cash deposits with major international banks in Hong Kong and state-owned banks in Mainland China. This investment policy limits the Group's exposure to concentrations of credit risk.

Maximum exposure and year-end staging

The tables below show the credit quality and the maximum exposure to credit risk based on the Group's credit policy, which is mainly based on ageing information unless other information is available without undue cost or effort, and year-end staging classification as at March 31. The amounts presented are gross carrying amounts for financial assets and the exposure to credit risk for the financial guarantee contracts.

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Maximum exposure and year-end staging (continued)

As at March 31, 2023

	12-month ECLs	Lifetime ECLs			
	Stage 1 *RMB'000*	Stage 2 *RMB'000*	Stage 3 *RMB'000*	Simplified approach *RMB'000*	Total *RMB'000*
Trade receivables*	–	–	–	606,627	606,627
Bills receivable	704	–	–	–	704
Financial assets included in prepayments, other receivables and other assets					
– Normal**	632,979	–	–	–	632,979
– Doubtful**	–	–	6,760	–	6,760
Restricted cash					
– Not yet past due	150,262	–	–	–	150,262
Cash and cash equivalents					
– Not yet past due	10,917,171	–	–	–	10,917,171
	11,701,116	–	6,760	606,627	12,314,503

As at March 31, 2022

	12-month ECLs	Lifetime ECLs			
	Stage 1 *RMB'000*	Stage 2 *RMB'000*	Stage 3 *RMB'000*	Simplified approach *RMB'000*	Total *RMB'000*
Trade receivables*	–	–	–	528,420	528,420
Bills receivable	14,285	–	–	–	14,285
Financial assets included in prepayments, other receivables and other assets					
– Normal**	510,942	–	–	–	510,942
– Doubtful**	–	–	6,760	–	6,760
Restricted cash					
– Not yet past due	63,125	–	–	–	63,125
Cash and cash equivalents					
– Not yet past due	10,547,851	–	–	–	10,547,851
	11,136,203	–	6,760	528,420	11,671,383

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Maximum exposure and year-end staging (continued)

* For trade receivables to which the Group applies the simplified approach for impairment, information based on the provision matrix is disclosed in note 19 to the financial statements.

** The credit quality of the financial assets included in prepayments, other receivables and other assets is considered to be "normal" when they are not past due and there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition.

Since the Group trades only with recognized and creditworthy third parties, there is no requirement for collateral. Concentrations of credit risk are managed by customer/counterparty, by geographical region and by industry sector. There are no significant concentrations of credit risk within the Group as the customer bases of the Group's trade receivables are widely dispersed in different sectors and industries.

Foreign currency risk

The Group has transactional currency exposures. Such exposures arise from the Group's cash and bank balances denominated in currencies other than the functional currencies of the operating units.

The following table demonstrates the sensitivity at the end of the reporting period to a reasonably possible change in the RMB exchange rate, with all other variables held constant, of the Group's profit/(loss) before tax arising from RMB denominated cash and bank balances.

	Increase/ (decrease) in RMB rate	**Increase/ (decrease) in profit before tax**	**Decrease/ (increase) in loss before tax**
	%	*RMB'000*	*RMB'000*
2023			
If the Hong Kong dollar weakens against RMB	**1**	**600**	**N/A**
If the Hong Kong dollar strengthens against RMB	**(1)**	**(600)**	**N/A**
2022			
If the Hong Kong dollar weakens against RMB	1	N/A	(2,114)
If the Hong Kong dollar strengthens against RMB	(1)	N/A	2,114

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Liquidity risk

The Group monitors its risk to a shortage of funds using a recurring liquidity planning tool. This tool considers the maturity of both its financial instruments and financial assets (e.g., trade receivables) and projected cash flows from operations.

The maturity profile of the Group's financial liabilities as at the end of the reporting period, based on the contractual undiscounted payments, is as follows:

As at March 31, 2023

	Less than 1 year or on demand *RMB'000*	Over 1 year *RMB'000*	Total *RMB'000*
Trade and bills payables	**3,714,047**	**–**	**3,714,047**
Financial liabilities included in other payables and accruals	**603,260**	**–**	**603,260**
Lease liabilities	**46,322**	**51,367**	**97,689**
	4,363,629	**51,367**	**4,414,996**

As at March 31, 2022

	Less than 1 year or on demand *RMB'000*	Over 1 year *RMB'000*	Total *RMB'000*
Trade and bills payables	3,528,597	–	3,528,597
Financial liabilities included in other payables and accruals	396,337	106,363	502,700
Lease liabilities	56,865	82,050	138,915
	3,981,799	188,413	4,170,212

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Capital management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximizing the return to stakeholders through the optimization of the debt and equity balance. The Group's overall strategy remains unchanged from that of the prior year.

The capital structure of the Group consists of equity attributable to owners of the Company, comprising issued share capital and reserves.

The directors of the Company review the capital structure on a regular basis. As part of this review, the directors consider the cost of capital and the risks associated with each class of capital. Based on recommendations of the directors, the Group will balance its overall capital structure through new issues of shares.

37. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

Information about the statement of financial position of the Company at the end of the reporting period is as follows:

	2023 **RMB'000**	2022 RMB'000
NON-CURRENT ASSETS		
Investments in subsidiaries	**33,892,471**	34,139,037
Due from subsidiaries	**8,804,374**	8,249,684
Total non-current assets	**42,696,845**	42,388,721
CURRENT ASSETS		
Prepayments and other receivables	**114,258**	86,115
Other intangible assets	**182**	169
Restricted cash	**19,979**	–
Cash and cash equivalents	**2,101**	6,903
Total current assets	**136,520**	93,187
CURRENT LIABILITIES		
Other payables and accruals	**27,459**	26,035
Due to subsidiaries	**9,966**	12,008
Total current liabilities	**37,425**	38,043
NET CURRENT ASSETS	**99,095**	55,144
TOTAL ASSETS LESS CURRENT LIABILITIES	**42,795,940**	42,443,865
Net assets	**42,795,940**	42,443,865
EQUITY		
Share capital	**119,133**	119,102
Treasury shares	**(70,482)**	(23,516)
Reserves	**42,747,289**	42,348,279
Total equity	**42,795,940**	42,443,865

37. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (CONTINUED)

A summary of the Company's reserves is as follows:

	Notes	Share premium account *RMB'000*	Capital reserve *RMB'000*	Contributed surplus *RMB'000*	Exchange fluctuation reserve# *RMB'000*	Employee share-based compensation reserve *RMB'000*	Accumulated losses *RMB'000*	Total *RMB'000*
At April 1, 2021		43,281,281	36,078	57,741	(311,809)	363,949	(1,049,463)	42,377,777
Loss for the year		–	–	–	–	–	(11,899)	(11,899)
Translation from functional currency to presentation currency		–	–	–	(337,121)	–	–	(337,121)
Total comprehensive loss for the year		–	–	–	(337,121)	–	(11,899)	(349,020)
Exercise of share options		14,792	–	–	–	(5,123)	–	9,669
Share-based compensation expenses		–	–	–	–	293,244	–	293,244
Vested awarded shares transferred to employees	29	203,824	22,574	–	–	(209,789)	–	16,609
At March 31, 2022 and April 1, 2022		**43,499,897**	**58,652**	**57,741**	**(648,930)**	**442,281**	**(1,061,362)**	**42,348,279**
Loss for the year		**–**	**–**	**–**	**–**	**–**	**(64,637)**	**(64,637)**
Translation from functional currency to presentation currency		**–**	**–**	**–**	**185,306**	**–**	**–**	**185,306**
Total comprehensive profit for the year		**–**	**–**	**–**	**185,306**	**–**	**(64,637)**	**120,669**
Exercise of share options		**19,345**	**–**	**–**	**–**	**(6,486)**	**–**	**12,859**
Share-based compensation expenses		**–**	**–**	**–**	**–**	**254,869**	**–**	**254,869**
Vested awarded shares transferred to employees	29	**214,834**	**27,002**	**–**	**–**	**(231,223)**	**–**	**10,613**
At March 31, 2023		**43,734,076**	**85,654**	**57,741**	**(463,624)**	**459,441**	**(1,125,999)**	**42,747,289**

\# The exchange fluctuation reserve represents the difference arising from translating the financial statements from HK$ into RMB, the Group's presentation currency.

38. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorized for issue by the board of directors on May 23, 2023.

FINANCIAL SUMMARY

	Year ended March 31,				
	2023	2022	2021	2020	2019
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
RESULTS					
Revenue	**26,763,016**	20,577,616	15,518,468	9,596,476	5,095,867
Profit/(loss) before tax	**550,994**	(252,514)	401,219	9,094	(60,830)
Income tax expense	**(16,731)**	(13,427)	(58,539)	(24,790)	(30,934)
Profit/(loss) for the year	**534,263**	(265,941)	342,680	(15,696)	(91,764)
Attributable to:					
Owners of the parent	**533,407**	(265,555)	348,588	(6,586)	(81,949)
Non-controlling interests	**856**	(386)	(5,908)	(9,110)	(9,815)
	534,263	(265,941)	342,680	(15,696)	(91,764)

	As at March 31,				
	2023	2022	2021	2020	2019
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
ASSETS AND LIABILITIES					
Total assets	**20,757,857**	19,201,969	17,739,204	7,869,972	5,981,885
Total liabilities	**(5,600,222)**	(5,129,737)	(3,457,600)	(2,667,457)	(3,245,059)
	15,157,635	14,072,232	14,281,604	5,202,515	2,736,826
Equity attributable to owners of the parent	**15,184,009**	14,098,419	14,301,950	5,269,145	2,794,519
Non-controlling interests	**(26,374)**	(26,187)	(20,346)	(66,630)	(57,693)
	15,157,635	14,072,232	14,281,604	5,202,515	2,736,826